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# REPORT OF THE COMMITTEE ON Broadcasting

1965

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REPORT OF THE  
COMMITTEE ON BROADCASTING





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COMMITTEE ON  
BROADCASTING

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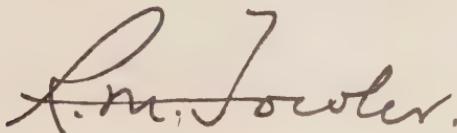
CANADA

## COMMITTEE ON BROADCASTING

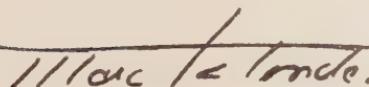
R. M. FOWLER  
M. LALONDE  
G. G. E. STEELE

THE HONOURABLE MAURICE LAMONTAGNE,  
*Secretary of State and Registrar General of Canada,*  
*House of Commons, Ottawa*

Sir,—We, the undersigned, members of the committee appointed by you on May 25th, 1964, to advise on the system of broadcasting in Canada, have the honour to submit the following Report.

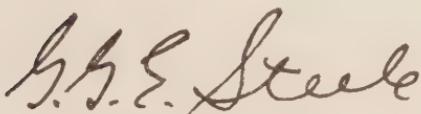


ROBERT M. FOWLER, CHAIRMAN



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MARC LALONDE



G. G. E. STEELE

September 1st, 1965



## PREFACE

### *Appointment and Terms of Reference*

On May 25th, 1964, the Honourable Maurice Lamontagne, Secretary of State and Registrar General of Canada, announced the appointment of this committee with the following terms of reference:

To study, in the light of present and possible future conditions, the purposes and provisions of the Broadcasting Act and related statutes and to recommend what amendments, if any, should be made to the legislation; including an appraisal of the studies being made by the Canadian Broadcasting Corporation of its structural organization; and including an inquiry into the financing of the C.B.C., into C.B.C. consolidation projects, into the relationship between the government and the C.B.C. in so far as the administration and the financing of the corporation are concerned, into the international service of the C.B.C., and into the various means of providing alternative television services, excluding community antenna television systems; and to report their findings to the Secretary of State with their recommendations.

### *Working Method*

At our first meeting on May 28th, 1964, we decided that as an advisory committee to the Secretary of State it would be neither necessary, as it might have been for a Royal Commission, to undertake the usual tour across Canada, nor desirable to hold public hearings. Accordingly, on June 16th, 1964, we announced that we should be pleased to receive written briefs from interested persons or organizations wishing to bring their views on broadcasting to our attention.

Each of the two methods of investigation has advantages and disadvantages. The formal inquiry of a Royal Commission affords an opportunity for public statements of views and an exchange of argument and opinion in briefs presented in public hearings. The physical scope of the inquiry can be more easily limited. When the public has had the opportunity to be heard at formal

hearings, the Commission has little obligation to seek out other information. It can proceed on the basis of the briefs submitted, supplemented by such research studies as it chooses to undertake.

An informal inquiry such as ours has been, without public hearings, does not provide for a public exchange of views, and a committee must seek out representations that will be valuable. It can never know when to put an end to its informal search for information. However, in private interviews it is possible to obtain more frank and detailed expressions of opinion than can ever be included in publicly presented briefs. By inviting the submission of briefs, anyone interested is given an opportunity to state his views, but in addition the committee can hold discussions with many well informed people who are unlikely to come forward at a public hearing. The process of inquiry in a private conversation is likely to go much deeper than in a formal public submission.

No doubt the choice of method depends on the subject-matter under inquiry and the particular issues that made the investigation necessary. For an overall study of Canadian broadcasting at a time when television particularly was entering a new phase, the Royal Commission in 1955-57 was probably the better choice of method. We believe that, now, to seek answers to particular questions and determine how the broadcasting system is operating, the more informal methods adopted by this Advisory Committee were more suitable. We found that the advantages of the method far outweighed its disadvantages.

We were prepared to receive opinions on a confidential basis, in the sense that the sources of information would not be disclosed or identified. However, we have been careful throughout the inquiry to check any critical opinions with individuals or groups toward whom criticism was directed. We have tried to give everyone concerned an opportunity to answer the opinions expressed by others. Thus, for example, when we commissioned special studies of CBC financial methods and consolidation plans, we arranged for the consultants to discuss their draft reports with senior officers of the CBC, whose written comments we received and carefully considered. Similarly, within the private sector, differences of opinion were discussed separately with the several interested parties. The committee has thus reached its conclusions only after fully checking differences of opinion and giving all parties an opportunity to be heard on the issues raised before it.

Altogether, apart from formal sessions as a committee, we have had hundreds of meetings and interviews, separately or together, to discuss various aspects of our inquiry both with people whose knowledge and experience we wished to tap, and with those who wanted to make their views known to us, including many who belong in both categories. Without attempting a com-

prehensive list, we had enlightening and informative discussions with Dr Andrew Stewart and members of the Board of Broadcast Governors; Board members and officials of the Canadian Broadcasting Corporation; television and film directors and producers; the Government Film Commissioner; representatives of private broadcasting interests and of numerous Canadian organizations; and many articulate members of the general public.

In October 1964 we visited the United States and met officials of the Columbia Broadcasting System, the National Broadcasting Company, the National Educational Television Association, and others. In November 1964 we went to Europe and met, among others, representatives of the British Broadcasting Corporation, the Independent Television Authority, Office de Radiodiffusion-Télévision Française, RAI.Radio-televisione Italiana, and private broadcasting organizations.

Much of the research for this report has been undertaken by members of the staff, with invaluable assistance from the BBG, the CBC, the Department of Transport, the Dominion Bureau of Statistics, and the Canadian Association of Broadcasters. Commissioned studies were made for us by Mr Roy Faibis on English-language programming; by Mr Fernand Benoit on French-language programming; by Dr D.L.C. Miller on educational broadcasting; and by Mr Alain Lortie on union relations. Valuable assistance was rendered by Mr Frank Peers, Mr Bernard Trotter, and Mr John deB. Payne, whom we consulted professionally on various aspects of our work.

We also commissioned two technical studies in depth, which have been of great value to us in our deliberations. A detailed study of the financial background of the CBC and private broadcasters was prepared by Messrs Touche, Ross, Bailey, & Smart, chartered accountants, working in conjunction with their associates, P.S. Ross & Partners, management consultants. The summary of their report appears as Appendix A. A study of the CBC proposals for consolidation of the Montreal and Toronto headquarters, which is referred to extensively in Chapter 11, was undertaken by Stevenson & Kellogg, Ltd., management consultants; associated with them were Messrs David, Barott, Boulva, architects, and Messrs Demers, Homa, Baby, consulting engineers.

### *The Briefs Received*

We received a total of fifty-five written briefs which, between them, cover almost every aspect of broadcasting in Canada. The deadline for submission was set at October 1st, 1964, but was subsequently extended. Several belated briefs were received in 1965, the last only in May; to these latter we have given as much thought and consideration as the lapse of time allowed. A list of all briefs received appears as Appendix B.

In addition, the voluminous information received from the CBC included a formal brief submitted by the Board of Directors. We also received a brief and other material from CTV Television Network Ltd.

### *Acknowledgements*

Another volume would be needed to list and express our gratitude to all who, by their willing and disinterested help, have made the preparation of this report possible, including those mentioned above who gave long hours to research or the discussion of broadcasting problems with us, and the many public-spirited citizens who sent us unsolicited information, opinions, suggestions, and advice. But it would be unseemly to conclude this preface without specific acknowledgement of the unstinting cooperation we have had from everyone in the CBC, with many of whom we have been in frequent contact for more than a year. In particular, we must thank especially Mr Alphonse Ouimet, Mr Ronald Fraser, and Mr Finlay Payne, who—each at a different level of enquiry—have borne the brunt of our searching investigations.

Admirably prompt service has been rendered by the Translation Bureau, and we are grateful to the Superintendent, Mr Henriot Mayer, and to Mr Maurice Roy, who acted as liaison with the committee. The final editing of the French version was undertaken by Mr Georges Falaise, who was subject to heavy pressure in meeting deadlines; we are very appreciative of the excellent job he has done under difficult conditions. We must also warmly thank Mr Norman Lafrance, who helped to see the report through the printing stage; his services were made available to us by the courtesy of Dr John Deutsch, Chairman of the Economic Council of Canada.

Finally, but by no means as an afterthought, we must express our grateful appreciation of the work of our own research and administrative staff, who are listed below. Some have been with us almost throughout the entire period of our work, others for only short periods; but one and all have worked loyally and given of their best, often putting in long hours of overtime to complete this report.

François Aubry	Henry Hindley	Marie Séguin
Meline Barkley	Alain Lortie	Albert Shea
Jacqueline Baumberg	Elisabeth Millar	Gordon Sheppard
Francine Beaupré	Madeleine Perrier	Joan Munn Topolski
Joan Carey	Raymond Pippy	
Régent Cloutier	Monique Quéré	

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# PART I

## THE CANADIAN BROADCASTING SYSTEM



# 1

## INTRODUCTION

*Why are you not saying what you ought to say and saying it with power and eloquence? Why don't you force us to pay attention to you and listen to you? We should like to see you less timid, more consistent, bolder. We often have the impression you are afraid—of what, really?*

Karl Barth (British broadcast)

### THE BASIC IMPORTANCE OF PROGRAMMING

The only thing that really matters in broadcasting is program content; all the rest is housekeeping. The provision of varied, well balanced, and excellent program services by both publicly owned and privately owned radio and television stations is the primary task of all broadcasters who have been assigned the use of scarce public assets in the form of radio frequencies and television channels. To achieve the national purposes of the Canadian broadcasting system, broadcasters must be courageous, consistent and bold in the formulation of their program policies.

When we suggest that public and private broadcasters alike should be less timid, we do not mean that they should be reckless or irresponsible. When we urge them to be more consistent, we do not ask them to be dully uniform or to produce programs without variety. When we suspect that they are unduly fearful, of something we cannot precisely identify, we are not suggesting that they should ignore the political realities of Canadian life and the climate of public opinion, but that on the contrary they

should take reasonable account of those realities and opinions in determining their program policies.

The Canadian broadcasting system has many tasks to perform. It should, as one of its central purposes, bring news and information to as many Canadians as it can physically reach, and the news it provides should be immediate, accurate and dispassionate. Important news from both local and foreign sources should be seen through Canadian eyes to reflect Canadian values and judgments; other parts of the news should come from foreign sources to reflect events and attitudes in other countries. The information provided must cover Canadian views and opinions, but should also include significant opinions from other countries, which Canadians should have in an increasingly interdependent world. Additionally, the national broadcasting system should convey Canadian news and opinions outward to the rest of the world.

Radio and television must also enlighten and entertain their listeners and viewers. In Canada, specifically, broadcasting services have a vitally important role in interpreting the views and differences and achievements of widely scattered regions and groups in the country to each other. They should open new vistas of experience and delight in drama, music, ballet, and a dozen other forms. These tasks are not confined to cultural exchanges of a remote, esoteric, 'long-haired' variety. When we declare that broadcasting should be a major instrument for the development of a distinctive Canadian culture, we use that most abused word 'culture' in its broadest and original meaning. It is the reflection of life itself, in all its variety—its beauty and ugliness; its significant artistic achievements and its unimportant daily occurrences; its big people and its little people; its important and often inscrutable messages, and its light insignificant interests; its great opinions and its amusing anecdotes; tragedy and comedy, laughter and tears, criticism, irony, satire, and sheer fun and amusement—all are essential.

To reflect a nation's culture—and to help create it—a broadcasting system must not minister solely to the comfort of the people. It must not always play safe. Its guiding rule cannot be to give the people what they want, for at best this can be only what the broadcasters think the people want; they may not know, and the people themselves may not know. One of the essential tasks of a broadcasting system is to stir up the minds and emotions of the people, and occasionally to make large numbers of them acutely uncomfortable. Of course broadcasters should not all the

time play the role of an Old Testament prophet; most of the time they are engaged in providing easily digestible and agreeable fare. But, in a vital broadcasting system, there must be room for the thinker, the disturber, and the creator of new forms and ideas. He must be free to experiment—to fail as well as to succeed in the expression of new ideas.

The reverse side of the coin of freedom is responsibility and discipline. No broadcasting agency can validly claim to be independent of detailed political interference and control unless it is prepared to be responsible and realistic in the use it makes of its freedom. All broadcasting agencies—both public and private—are recipients of public support in the right to use scarce public assets. They must pay for these valuable rights by giving a responsible performance, and the State is fully entitled to ensure that the trust is honoured. To the extent that an adequate program performance is given voluntarily, the broadcaster can be left relatively free from detailed controls. If adequate performance is not given, it should be compelled by regulation or the franchise should be re-assigned to others who will perform responsibly. Without question, the State has an absolute right to require from any broadcaster to whom the use of a radio frequency or television channel has been entrusted that he use it with imagination, distinction, and responsible regard for the public interest.

Our task, as an advisory committee, is to recommend a broadcasting structure for Canada which will ensure that broadcasters are both free and responsible. They cannot provide vigorous and imaginative broadcasting services to the Canadian people if they are subjected to constant and detailed interference by Parliament, by the Government, or by a public agency. On the other hand, their freedom cannot be allowed to become licence, and they must be subjected to broad direction as to what is expected of them and control to ensure that they follow the directions given.

There is no point in asking where a national broadcasting system is going. It will go only where it is pushed by conscious and articulate public policy, or where it drifts if there is no policy. The State is inescapably involved in the creation of a broadcasting system, and should accept responsibility for the powerful agency it has created, so as to ensure that broadcasting serves the people with distinction; for the ultimate test of a society may well be the quality of the artistic and intellectual life it creates and supports.

## THE NECESSITY FOR CONTROL

The need for public control of the broadcasting system is, we believe, beyond question. But we must define *what* it is that is to be controlled, and *why* the control must be exercised, before the form and method of public supervision can be determined.

Broadcasting media are important elements in the spectrum of mass communications in Canada, because of their now nearly complete coverage and the immediacy of their impact on most Canadian households. But they are only a part of the total machinery for providing information, education, enlightenment, and entertainment to the Canadian people. Newspapers, periodicals, books, films, theatre, musical organizations of all kinds, and the whole broad range of the performing arts have traditional and continuing functions to perform in mass communications. Radio and television have not replaced these older vehicles. Instead, they have strengthened them.

More books are sold, and presumably read, than before the growth of broadcasting. Symphony orchestras are more numerous and more firmly established because of the support provided directly and indirectly by broadcasting. The extension of public knowledge and involvement in national and international developments, through the nearly instantaneous techniques of broadcasting, has increased the public demand for more detailed information about national and world events from newspapers, periodicals and books. When events in Vietnam or the Congo are given urgent importance on radio and television, listeners and viewers expect to be able to learn more about these crises from the daily and periodical press.

The several media of mass communication are not mutually exclusive but complementary. The broadcasting media cannot undertake or be held responsible for the whole task of informing, enlightening, and entertaining the Canadian people. All the inadequate and bad things in our society cannot be blamed on radio and television. Nor can these media be expected by themselves to create a well informed, well balanced and mature society. They can help, but they are only a part of the national arsenal for the intellectual and cultural development of Canada.

A factor that distinguishes radio and television from the other media of mass communication is the necessity for some measure of public control over them. Because the number of available radio frequencies and television channels is limited, every nation in the world has found it necessary to exercise control over broadcasting. Newspapers,

periodicals, film producers and the performing arts need no franchise from the State. It may be wise or desirable but it is not essential for the State to support any of the other mass media. But no radio or television station can come into existence without the grant of a scarce public asset for its use. State intervention in the field of broadcasting is thus inescapable; the only issue is how far it should go in controlling and directing the media it has brought into existence. For thirty-five years the decision in Canada has been that State control should go farther than the simple issuing of licences to broadcasters with minimal legal restrictions on the way they are used. Having decided to permit the creation of these new media, the Canadian choice has been to regulate their use in the national interest.

Because of the enormous power of television and radio, because they *are* new and do not have the developed traditions of the older media, and because they can, with control and direction, contribute to the national purpose, we believe that the choice was a wise one and should be continued. The State should not restrict its participation in broadcasting to the essential grant of frequencies and channels, but should control, supervise, and encourage an excellent performance in the use that broadcasters make of the public assets they have been granted.

### THE PRESENT BROADCASTING SYSTEM

What is it Canada has today that should be controlled, supervised, and encouraged in the public interest? Before attempting to determine the scope and method of control, we must know what it is we are trying to control.

First, we are dealing with two media—radio and television—not one. The Broadcasting Act and the Board of Broadcast Governors deal with both, and all discussions of broadcasting problems tend to confuse them and treat them as one. In fact, radio and television are distinct and different—in their age and stage of development, in their impacts on the viewer or listener, in what each can effectively do, and especially in the nature of the program content that each should have. Radio in Canada, and generally throughout the world, has suffered from the rapid development of television, not only because the exciting new medium drained away executive and creative talent, but also because the uses of radio were not fully adapted to the change from a dominant to a complementary role.

Throughout this report, we draw distinctions between proposals for radio and television. We believe that both should continue to be governed by one statute—the Broadcasting Act—and, for administrative purposes, controlled and supervised by the same public agency. However, we urge that the supervisory agency should neither neglect radio, as the tendency has been in the past, nor apply to it the same basic considerations as are applied to television. The two media are different and should be treated differently. Radio is important enough to receive individual and special attention.

The Canadian broadcasting system today has two main sectors—the publicly owned and supported Canadian Broadcasting Corporation, and the many private radio and television stations. The latter are 'private' only in the sense that station facilities are owned by individuals or companies which operate them for profit. They are 'public' in the sense that they receive the right to use public assets, are subject to public control, and have the responsibility to perform a public service. They are inextricably involved in the Canadian broadcasting system, dependent on public grants for their franchises to operate, and responsive to public direction for their performances in the use of public assets.

There are today in Canada\* 75 television transmitters, with 138 relays or rebroadcasting stations; and 321 radio transmitters, with 131 relays or repeater-stations.

The CBC owns and operates 16 television stations, with 28 relays or rebroadcasting stations; 31 AM radio stations, with 129 relays; 5 FM radio stations; and 5 shortwave radio transmitters. It operates two television networks and two radio networks—one of each in the English and French languages; it also has a limited FM radio network, broadcasting only in English. In addition, the CBC operates a Northern Service to provide radio programs to the far north, a service to the Armed Forces overseas, and an International Service in eleven languages to project Canada to a score of countries throughout the world.

There are 59 privately owned television stations, with 110 relays or rebroadcasting stations. Of these, 44 stations, with 97 relays, are affiliated to the CBC television networks for certain purposes and for certain parts of the broadcast day. At present, of the 15 privately owned television stations not linked with the CBC network, 11 stations (all broadcasting in English) are affiliated to CTV Television Network Limited, forming a private network of limited scope and geographical

\* These figures, and those in Chapter 3, are taken from the 'CBC Fact Sheet' of April 1st, 1965, as revised June 18th. The figures in Appendix A, some of which are quoted in context in Chapter 17, refer to stations in operation in 1962.

coverage. There are 231 privately owned AM radio stations, of which 84 (with 2 relays) are affiliated to CBC-AM radio networks, and 49 privately owned and operated FM radio stations of which 11 belong to CBC affiliates. There are no private radio networks in Canada.

This is a brief summary of the physical structure of the Canadian broadcasting system as it exists today. This is the complex machine to which direction is to be given and applied.

### THE GROWTH OF TELEVISION

The Canadian television system, like others throughout the world, has grown with extraordinary speed. In 1946, there were seven television stations broadcasting in the United States, one in England, one in France, and one in Russia. Only those four countries had any television at all at the end of the second world war. By 1950, there was a world total of 130 television transmitters, and by 1963 this number had leapt to 2,380. The world total of television sets rose from 11 million in 1950 to 130 million in 1963.

Television in Canada began on a regular basis in September, 1952, and is thus barely thirteen years old. At that time there were fewer than 150,000 receiving sets in Canada, concentrated in Vancouver, Montreal and southern Ontario within reach of American signals. By September 1953 the total had risen to 373,000, but seven of the ten provinces still had none. Three years later, at the time of the Royal Commission inquiry in 1956-57, the number of television receivers exceeded 2,000,000, with growing numbers in all Canadian provinces except Prince Edward Island, where television service was introduced a year later.

The latest available figures indicate that in January, 1965, the number of television households was almost 4,500,000, or more than 92% of all Canadian households. In fact, if they all had receiving sets, close to 95% could receive television programs from at least one Canadian transmitter, while perhaps as many as 75% can, if they choose, receive alternative service from one or more other stations, Canadian or American.

This is a spectacular development of a new personal service. Some measure of the degree to which television has become an almost universally accepted factor in Canadian life is provided by statistics of other household facilities generally regarded as essential or highly desirable. In 1962, the number of television households already exceeded the number of households with a telephone, and by May 1964 the

excess had reached 140,000. At the same date, television households exceeded households with installed baths or showers by 244,000; and exceeded households possessing a car by over 800,000.

The advent of television to Canada and its very rapid growth in the past thirteen years might have been expected to restrict and curtail Canadian radio. Television has undoubtedly had an adverse effect on the administrative attention given to radio, and on the quality of radio programming. But television has not inhibited the growth of physical facilities for radio broadcasting, still less caused them to decline. On March 31st, 1953, soon after regular television broadcasts began, there were 239 radio transmitting stations in Canada; in April 1965 there were 321, with 131 relay transmitters. The number of radio receiving sets in operation in 1953 was estimated by the Dominion Bureau of Statistics at 2,264,000; in 1963, the number of *households* with one or more radio sets was estimated at 4,499,000—excluding many thousands of sets in cars.

The physical development of the Canadian broadcasting system has been a technological triumph. Both public and private broadcasters deserve credit for creating, in so short a time, such an extensive machine with such a generally high level of technical excellence. But, understandably and perhaps unavoidably, the rapid growth of both public and private television facilities in Canada has produced serious distortions.

In the CBC, during the period of most rapid growth between 1952 and 1957, executive attention was concentrated on the physical development of stations and networks across Canada. To man the new television services, staff needs grew rapidly from a total of about 1,500 in 1952 to 5,500 in 1955. There was little time or opportunity to develop recruitment and training policies for a staff that had to meet early deadlines for programs. As the public system grew in complexity and in numbers employed, an elaborate superstructure of administrative officers and committees was created in the attempt to exercise at least some control over the spawning monster. In the early period of television, the essential emphasis on program excellence could not be given, or—in the event—was not given. There was little development of long-term program plans; the programs for next week or next month had to be produced to fill the current schedules. When the rate of growth slowed down around 1957, there remained the cumbersome organizational structure hastily thrown together in the early hectic days, which was slow in responding to simplification and efforts to improve efficiency.

In the development of private television, the period of rapid growth came somewhat later, beginning in about 1958 when second channels were opened for licence, and continued until recently. In this period, physical growth and development were the primary concerns, and program policy received scant continuing attention from private broadcasters. The Board of Broadcast Governors—the agency established in 1958 to control all broadcasting—was similarly unable to deal effectively with program content and broadcasting performance, for it was heavily preoccupied with licensing problems to the detriment of its equally essential task of program control and direction.

It is perhaps useless now to try to determine whether these distortions of emphasis, away from the fundamental importance of program creation and towards the problems of physical growth, should have occurred or could, with greater care, have been prevented. It may be that in a technological age the technician always tends to move ahead of the ideas that are the only *raison d'être* of his techniques. It is enough to report that these distortions, in both public and private sectors, did occur and have continued for too long.

Canadian television has now been developed physically and technically to a very high level. As a dynamic medium of communication it will continue to grow as the country develops, and will still be faced with new technological challenges; but the vital period of rapid growth and development is now over. The time has come, and is already overdue, when a new emphasis should be given and new priorities established. We believe that now, for both public and private broadcasters, the primary emphasis must be placed on programming, and top priority must be given to the development of more varied, more balanced, and more excellent program fare by all the agencies concerned.

The Canadian broadcasting system has become mature physically; it should now become mature mentally. This is the touchstone for our report—the basic criterion for most of our specific recommendations.

#### THE PUBLIC AND PRIVATE SECTORS

In 1963 the Canadian people spent \$218,499,836 to purchase broadcasting services. This is the total reported by the Dominion Bureau of Statistics for the revenue of all radio and television stations from advertising sales and public grants. It was the direct contribution from

Canadian pockets for the purchase of broadcasting services. It does not, of course, include the money spent on receiving sets and their maintenance and repair. These two other factors of cost add substantially to the total annual bill.

Of these total revenues, private radio and television broadcasters received almost \$111.8 million. The CBC received just over \$106.7 million, made up of \$82.4 million in federal grants and \$24.3 million from net advertising revenues. There is an even closer balance in the employment of Canadians in the two sectors of the broadcasting system, but their structures are very different.

The public sector, the CBC, is an integrated organization with many branches and different activities subject to common direction. The private sector has no cohesion or unity but is made up of a large number of independent units, not subject to common direction, each mainly engaged in serving local communities across Canada. Some of the private stations are affiliated with the CBC networks for certain purposes and at certain times. There is joint activity by some private English television stations through the CTV network and the Independent Television Organization (ITO); some French television stations use programs distributed by a station in Montreal. Otherwise, save for some social and professional relations in the Canadian Association of Broadcasters, the private stations have little or no contact with each other.

We believe that private broadcasters can, and should, achieve a greater degree of common purpose, and should participate in the national objectives of the Canadian broadcasting system to which they belong, as well as continuing to render local services to their individual communities. But the private sector is unlikely to achieve the cohesion and unity that the public sector should have and, despite their near equality in total income, this necessarily means that the public agency—the CBC—has the primary responsibility and must be paramount in creating and maintaining a broadcasting system that is distinctively Canadian.

While the private broadcasters are a part of the system, and while their rights and interests should have all legitimate protection, in cases of fundamental conflict between the public and private sectors the interests of the CBC must prevail. The simple fact—the crucial fact—which must be clearly understood is that the CBC is the *essential* element of the Canadian broadcasting system and the most important single instrument available for the development and maintenance of the unity of Canada.

## BROADCASTING POLICY

As an advisory committee, we can do no more than present and comment on the facts of Canadian broadcasting today, and make recommendations for its improvement in the future. The implementation of our recommendations must be authorized by Parliament, and undertaken by the Government and the private broadcasters. But first they must be carefully weighed and considered by the Government, which must make its own recommendations to Parliament.

An Act of Parliament can determine only the broad objects of national policy, together with the distribution of responsibility and allocation of financial provision necessary for their achievement. In such a complex field as broadcasting, the Act should be supplemented and supported by a comprehensive statement of policy, defining more precisely the roles of the several public and private agencies involved, and the measures they should take to contribute effectively to the objects of the national broadcasting system. In our view, there is much to be said for the preparation of such a statement by the Government, perhaps in the form of a White Paper on Broadcasting which could be tabled in Parliament and debated simultaneously with the consequential legislative changes proposed.



# 2

## PROGRAMMING

*'By-the-bye, what became of the baby?' said the Cheshire Cat.  
'I'd nearly forgotten to ask.'*

Lewis Carroll (*Alice in Wonderland*)

### GENERAL CONSIDERATIONS

Canadian broadcasting is just emerging from a period of great physical growth, and the time has come to place greater emphasis on programming. The national broadcasting system will ultimately be judged on the excellence of its programming, and not on its technical achievements, or the intentions of broadcasters, or the precision of the Broadcasting Act.

In broadcasting it may be that, as Professor Marshall McLuhan puts it, "the medium is the message".\* The techniques of radio and television have certainly caused profound changes in human behaviour. But these wider social implications were not the object of our study. We were primarily concerned with the content of the television and radio programs available to the Canadian people, keeping in mind that television and radio are different media, and differ from other media of mass-communication. These are the questions to which we addressed ourselves particularly. What principles of programming have been devised for the guidance of Canadian broadcasters? How have they been applied to television and radio programming by the CBC and the private broadcasters? How can they be improved?

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\*"Understanding Media", Marshall McLuhan—McGraw Hill, 1964.

There is no recipe for good programming. All judgments become subjective when, passing the quantitative stage, an attempt is made to make a qualitative judgment on a program. Unanimity is rapidly reached about a very good or a very bad program, whether it is a variety show, a symphony concert, a public affairs program, or what you will. But there is a whole range of programs about which opinions on quality vary widely from one person to another. If we venture to give an opinion on program quality, we know that the remedy for program mediocrity is not to be found in the admonitions of a committee such as ours, but in the release of the dynamic energies of creative artists.

Thus our study is mainly quantitative but nevertheless permits us to arrive at some conclusions about the quality of Canadian broadcasting. A quantitative analysis tells something about quality. For example, a broadcaster may be able to allege that it is difficult to find a good script writer, but he has more difficulty in justifying his performance if he has never produced a program requiring the services of even a bad script writer.

The present legislation establishes some criteria for judging program performance. Section 10 of the Broadcasting Act of 1958 established the Board of Broadcast Governors "for the purpose of ensuring the continued existence and efficient operation of a national broadcasting system and the provision of a varied and comprehensive service of a high standard that is basically Canadian in content and character".

These criteria apply to all Canadian broadcasters—both to the CBC and to privately owned stations—and we think this is as it should be. We should find it hard to understand if the State, which allocates the scarce broadcasting resources, had attributed objectives that varied according to titles of property. In the past, attempts have been made to assign different functions to the public and private sectors, the former being given a national and the latter a local role. This distinction may have some validity if it is limited to a vague orientation, but modern communications research shows that the nature of broadcasting techniques requires certain essential elements in programs, and that there cannot be an arbitrary division of functions between the public and the private sectors.

Because the distinction between the two techniques is so important, we examine television and radio separately; but because the objectives are common, we do not attempt to separate the private and the public sectors of Canadian broadcasting, while recognizing that more should

be demanded from the CBC than from the private stations. This analysis nevertheless does not paint a complete picture of the programming available to Canadian citizens. About 54% of Canadian television households are within reach of stations in the United States, and for radio the percentage is much higher. Thus some parts of Canada have as high a saturation of broadcasting services as anywhere in the world and even if a complete study of Canadian programming were made, only a part of the picture would be seen. Any Canadian system of regulation can affect only part of the programming available to Canadians. This is no reason for leaving the Canadian broadcasting system to find its own level. On the contrary, it is an additional reason for using it in the most efficient possible way.

#### FOUR FUNDAMENTAL OBJECTIVES

In the statutory implementation of many official reports, Canada has accepted four fundamental objectives for its national broadcasting system:

- the public should be offered a wide and varied choice of programs;
- all programming should be of high quality;
- broadcasters should be responsible for the great influence of their programming on individuals and on society;
- broadcasting has national responsibilities and must awaken Canadians to Canadian realities.

*The public should be offered a wide and varied choice of programs.*

This is prescribed by Section 10 of the Broadcasting Act. The 1957 Royal Commission indicated four functions of broadcasting: to inform, to enlighten, to entertain, and to sell goods. The effect of advertising on programming, in both the public and private sectors, is examined later in this report. Here we deal only with the functions of information, enlightenment, and entertainment.

The Broadcasting Act states clearly that the Canadian public should have a "varied and comprehensive broadcasting service". This first requirement implies that:

- every station has responsibilities toward the diverse elements of the population;
- the public is not an entity but a complex;
- programming should aspire to meet the needs and tastes of all segments of the public.

From these principles comes a concept which, though not too precise, is well known in broadcasting as program balance. It rejects the notion that broadcasters can limit themselves to 'giving the public what it wants', defining the public as being 'the majority' or 'the average viewer or listener' (which is a very useful myth). Radio, and to a greater extent television, are mass-communication media. Because of the high cost of television in particular, every broadcaster must be sure of reaching a certain minimum audience for any program that is broadcast. But the concept of program balance emphasizes the important fact that the public is not a homogeneous mass but a complex of interlocking and overlapping groups distinguished by differing educational levels, ethnic origins or regional roots, and interests, predilections, and prejudices. Everybody sometimes runs with the herd, but most of the time his needs and tastes are those of one or another minority. It is generally these minority tastes and needs that everyone has most at heart.

The concept of program balance requires broadcasters to expose the public to a wide range of human experience. In 1960 the Pilkington Committee affirmed:

"What the public wants and what it has the right to get is the freedom to choose from the widest possible range of programme matter. Anything less than that is deprivation."

And the Committee added:

"The broadcasting authorities have certainly a duty to keep sensitively aware of the public tastes and attitudes as they now are and in all their variety; and to care about them. But if they do more than that, this is not to give the public 'what someone thinks is good for it'. It is to respect the public's right to choose from the widest possible range of subject matter and so to enlarge worthwhile experience. Because, in principle, the possible range of subject matter is inexhaustible all of it can never be presented, nor can the public know what the range is. So the broadcaster must explore it, and choose from it first. This might be called "giving a lead": but it is not the lead of the autocratic or arrogant, it is the proper exercise of responsibility by public authorities duly constituted as trustees for the public interest".<sup>1</sup>

We agree wholly with these views. Broadcasters must respect the public's right to be able to select from a varied programming.

In areas that have very limited station reception, this requirement implies that every broadcaster must offer programs answering to many needs and interests. But is this requirement valid in big urban centres served by many broadcasting stations? It is sometimes argued that each urban station should specialize in a certain type of programming and

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<sup>1</sup>Report of the Committee on Broadcasting (1960), Cmnd., 1753 London p. 17-18.

create 'its own' audience; according to this theory, the simple forces of the market would favour station specialization in light music, in classical music, and so on. We heard of a radio station in the United States which broadcasts only conferences, interviews, commentaries and news, never any music, and were even told that in pre-Castro Cuba there was a station that broadcast only commercials.

We reject this specialization theory for Canadian television. Even for radio, specialization in one field of programming is not satisfactory. Many studies have shown that an audience develops listening habits towards its preferred station. People become faithful to a certain station, if only passively. The faithful listener should have the opportunity to be put in contact with a variety of programs.

*All programming should be of high quality.*

Section 10 of the Broadcasting Act requires the Board of Broadcast Governors to ensure "the provision of a varied and comprehensive service of a high standard". Broadcasters are thus required to offer technically competent productions of the best program material, be it a sporting event, a feature film, jazz, classical music, or a political debate. Canadian broadcasters have partially met this objective, having achieved a high level of technical excellence, but the quality of the programs themselves leaves much to be desired and is a principal theme of this report.

*Broadcasters should be responsible for the great influence of their programming on individuals and on society as a whole.*

This objective is obvious and needs little elaboration. Radio and television have radically changed society and exert a continuing influence on each individual they reach. Those to whom such power has been entrusted must be conscious of it and responsible in its exercise.

*Broadcasting has national responsibilities and must awaken Canadians to Canadian reality.*

Section 10 of the Broadcasting Act requires a broadcasting service that is "basically Canadian in content and character". Canadian broadcasting would not be doing its job if it did not strive to permit all Canadians from one ocean to the other to know themselves better; if it did not permit each of the two Canadian national cultures to express itself; if every ethnic group and every region in the country could not recognize itself through the broadcasting system and could not be known by every

other ethnic group or every other region; if it did not provide something special for all Canadians—artists, politicians, teachers, farmers, workers, students, or housewives.

This principle does not mean that the Canadian community must isolate itself. In a country where 54% of television homes, and an even higher percentage of radio homes, are able to receive signals from American stations, isolation is impossible. Now that we are on the threshold of world television, it would be not only retrograde but illusory to want to confine Canada to a broadcasting ghetto.

Broadcasting now makes it possible for Canadians to know and understand the universe. For some years it has enabled them to be in touch with international reality, by bringing them both foreign programs and Canadian programs describing and analyzing international affairs. This is an essential function in a world where Canada must be an active participant.

The requirement that the broadcasting service should be basically Canadian in content and character is not an attempt to exploit nationalism for the benefit of Canadian artists, writers, performers and producers. Its purpose is to recognize that Canadians have ideas to express and should have access to communications-media linked so closely to public property.

These, we believe, are the four principal objectives of Canadian broadcasting. They have been accepted for more than 30 years in legislation and by Royal Commissions, parliamentary committees, and many private groups. They are still valid today. They apply not only to the CBC but to all broadcasters, but too little attention has been given to them in the past by private broadcasters. They too must answer to the State and respond to public opinion. We reject the principle that private broadcasters, once they have received their licences, may be satisfied with relying only on audience ratings.

#### TELEVISION PROGRAMMING

In assessing the present state of broadcast programming in Canada, we have been greatly assisted by the CBC, the private broadcasters, and many excellent briefs from organizations such as the Institut Canadien d'Education des Adultes, the Association of Canadian Radio and Television Artists, and the Fédération des Auteurs et Artistes Canadiens. We also commissioned detailed research studies of French and English television programming.

### *Program Balance*

The first fundamental objective is that Canadians should have a wide and varied choice of programs, keeping in mind the financial resources of the broadcasters and the need to reach an audience of minimum size. The 1957 Royal Commission assigned four functions to Canadian broadcasters:

"In Canada there appear to be four principal functions which we expect our broadcasters to discharge. These are, first, to inform (news, public events, the reporting of facts); secondly, to enlighten (interpretation of the news, education, discussion, debate on the facts); thirdly, to entertain (enjoyment, relaxation); and fourthly, to sell goods (advertising, distribution of goods and services). Any broadcaster who performs only one of these functions and none of the others is not a good broadcaster. Furthermore, there must be balance between the various components in each of the broad functions referred to above."\*

We agree with this analysis and believe it is equally valid today.

The concept of program balance is difficult to define precisely. For example, there is no reason why each of the four functions should occupy an equal share of the schedule. Opinions may differ about the emphasis to be given to any particular element in a balanced program, but there are limits beyond which almost everyone agrees that program balance ceases to exist.

Program balance in Canadian television can be tested against the performance of foreign broadcasting systems. We have made a comparison—admittedly incomplete and partial—of Canadian practice with practices in the United States, Britain, and France. For Canada we chose stations CBMT (English-Montreal) and CBFT (French-Montreal) from the CBC, and private stations CFCF-TV (English-Montreal) from the CTV Network, and CFTM (French-Montreal); for the United States, the programming of the three principal networks, CBS, NBC, and ABC; for Britain, the first BBC network and, for the private sector, station ITV in London; and for France, the first chain of the ORTF in Paris.

In all cases we studied the program schedule for the period from Saturday, February 6th, to Friday, February 12th, 1965. The programs have been analyzed by the following categories established by the BBG:

#### **INFORMATION AND ORIENTATION**

1. News and News Commentaries
2. Community and Special Events
3. Public Affairs, Talks, Discussions, Interviews, Documentaries

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\*Report of the Royal Commission on Broadcasting (1957), p. 44.

4. Religion
5. Educational (a) Formal (in school)  
(b) Informal (out of school, adult hobbies etc.)

#### LIGHT ENTERTAINMENT

6. Music and Dance—popular, folk, dance and dance band
7. Drama, story and light verse—including serial and situation
8. Quizzes and Games
9. Variety and Music Hall

#### ARTS, LETTERS AND SCIENCES

10. Music and Dance—Classical, Symphony, Opera, Choral and sacred music, Ballet
11. Drama, Poetry, Story
12. Criticism of Literature and Art
13. Science Research

#### SPORTS AND OUTDOORS

14. Sports and Outdoors—Water and Air Sports; hunting, fishing, boating, camping, etc.

The number of hours of programming in each of these categories is shown in the following tables:

- Complete Programming (Tables 2.1 and 2.1.A)
- Between 7 pm and 10 pm (Tables 2.2 and 2.2.A)
- Light entertainment—7 pm to 10 pm and Full Day (Table 2.3)

Before drawing conclusions from these tables one fact should be noted. In France and Britain, the ORTF and BBC devote all the morning hours and part of the afternoon hours to school broadcasting. In Canada, almost all scholastic broadcasts are on Saturday and Sunday mornings; in the United States the larger networks carry no school broadcasts, which are provided by the ETV (Educational Television) stations. In France and Britain, broadcasting is interrupted for periods ranging from half an hour to two hours; in North America, stations operate continuously from start-up to sign-off without interruption. These differences partly explain the differing percentages of information and orientation programs in Europe and North America.

From these charts and tables, the following conclusions can be drawn:

- (1) Light entertainment as a program category is the dominating

element for all systems examined, except for the first chain of ORTF and BBC-I. The predominance of light entertainment increases during peak listening hours, except on the French network of the CBC.

(2) In Canada, the CTV network resembles the American networks in the importance given to light entertainment.

(3) On examining a whole broadcasting day, the British and Canadian private systems closely resemble each other. Because they are commercial enterprises and depend wholly on revenue, entertainment greatly exceeds information, but there is a shift between 7 pm and 10 pm. In prime time, CTV programming closely resembles American programming, and entertainment represents 92.9%, which is exceeded only by WABC (United States), which broadcast 97.6% entertainment during prime time.

(4) The amount of light entertainment seems higher on French-language stations than on English-language stations in Canada, both private and CBC. Thus, CBFT has a higher percentage of light entertainment than CBMT, even though CBMT broadcasts more programs than CBFT and a large amount of American entertainment in prime time. During the period studied, CFTM-TV had the third highest percentage of entertainment for a complete broadcasting day, and came well behind the three other Canadian stations in the percentage of information programs, reaching only 10.6% as compared to 34.5% for CBFT, 35.3% for CFCF, and 41.1% for CBMT.

Another study, of all French-language stations in Canada, shows that light entertainment constituted the largest part of total programming and almost reached saturation point during prime time. Without the services of the CBC, there would be virtually no information programs during prime time.

By choosing a week in February, we picked one of the best periods in the year for variety in programming. If we had analyzed a week during the summer, the percentage of entertainment might have been substantially higher. Also the choice of Canadian private stations tends to overestimate the true qualities of programming for the private broadcasting sector. Table 2.4 is derived from information prepared by the BBG for the week of March 1st to 7th, 1964. There is no evidence to suggest that program balance changed appreciably between 1964 and 1965, and we can conclude that the imbalance of programming on Canadian private stations is even worse than our analysis of the two stations mentioned above would indicate.

Table 2.1—PROGRAM ANALYSIS—February 6 to 12, 1965

Complete Programming—Hours

	Info. and Orient. Cats. 1-5	%	Light Entert. Cats. 6-9	%	Cats. 10-13	%	Arts and Letters	Sports and Outdoors Cat. 14	%	Total	%
CBC—Eng.	CBMT.....	42:58	41.1	54:13	51.9	—	—	7:18	7.0	104:29	100
CBC—Fr.	CBFT.....	33:40	34.5	59:21	60.9	1:00	1.0	3:30	3.6	97:31	100
CTV—Eng.	CFCF-TV.....	37:24	35.3	62:22	58.9	—	—	6:08	5.8	105:54	100
Priv.—Fr.	CFTM-TV.....	18:57	19.6	70:27	72.7	—	—	7:30	7.7	96:54	100
USA	WCBS-TV.....	37:20	23.9	115:58	74.2	0:30	0.32	2:30	1.6	156:18	100
USA	WNBC-TV.....	41:55	29.3	95:19	66.5	1:00	0.70	5:00	3.5	143:14	100
USA	WABC-TV.....	15:30	11.5	114:34	84.8	—	—	5:00	3.7	135:04	100
UK	BBC-I.....	37:25	51.6	25:45	35.5	3:25	4.7	5:55	8.2	72:30	100
Priv.—UK	ITA (ITV).....	25:45	36.7	36:56	52.6	—	—	7:29	10.7	70:10	100
France	ORTF-I.....	42:45	64.4	17:25	26.3	1:40	2.5	4:30	6.8	66:20	100

Table 2.1.A—PROGRAM ANALYSIS, February 6 to 12, 1965  
 Complete Programming—Percentages

Information & Orientation  
 Light Entertainment  
 Arts & Letters  
 Sports & Outdoors

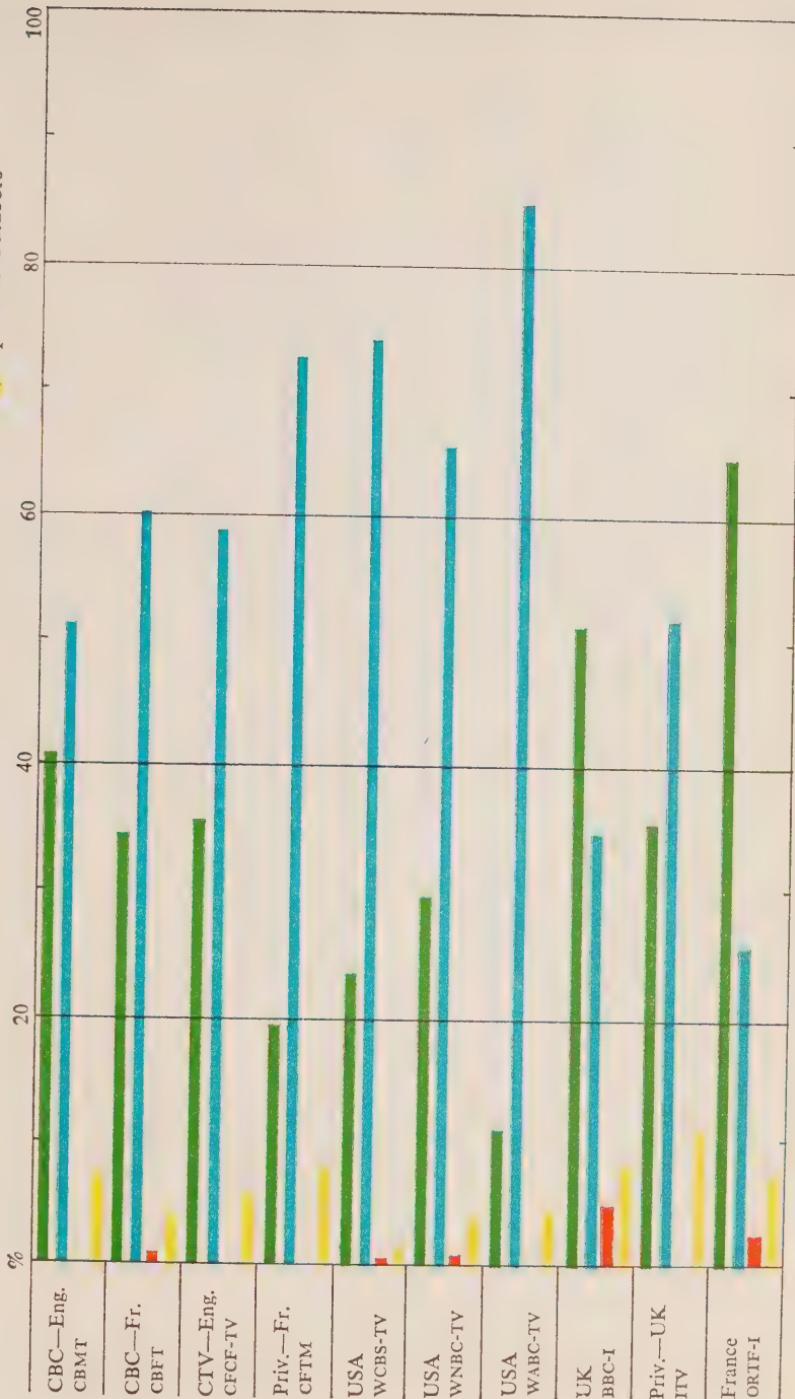


Table 2.2—PROGRAM ANALYSIS—February 6 to 12, 1965

Prime Time—7.00 pm to 10.00 pm

	Prime Time—7.00 pm to 10.00 pm										
	Info. and Orient. Cats. 1-5		Light Entert. Cats. 6-9		Arts and Letters Cats. 10-13		Sports and Outdoors Cat. 14		Total	%	
CBC—Eng.	CBMT.....	4.03	19.3	15.00	71.4	—	—	1.57	9.	21: 0	100
CBC—Fr.	CBFT.....	6.30	31.0	12.00	57.1	1.00	4.8	1.30	7.1	21:00	100
CTV—Eng.	CFCF-TV.....	—	—	19:30	92.9	—	—	1.30	7.1	21:00	100
Priv.—Fr.	CFTM-TV.....	1.45	8.3	16:45	79.8	—	—	2:30	11.9	21:00	100
USA	WCBS-TV.....	4:30	21.4	16:30	78.6	—	—	—	—	21:00	100
USA	WNBC-TV.....	4:00	19.0	17:00	81.9	—	—	—	—	21:00	100
USA	WABC-TV.....	0:30	2.4	20:30	97.6	—	—	—	—	21:00	100
UK	BBC-I.....	4:50	23.0	14:10	67.4	1:00	4.8	1:00	4.8	21:00	100
Priv.—UK	ITV.....	2:33	12.1	18:27	87.9	—	—	—	—	21:00	100
France	ORTF-I.....	10:08	48.3	9:07	43.4	0:40	3.2	1:05	5.2	21:00	100

*Table 2.2.A—PROGRAM ANALYSIS, February 6 to 12, 1965*  
 Prime Time, 7.00 pm to 10.00 pm—Percentages

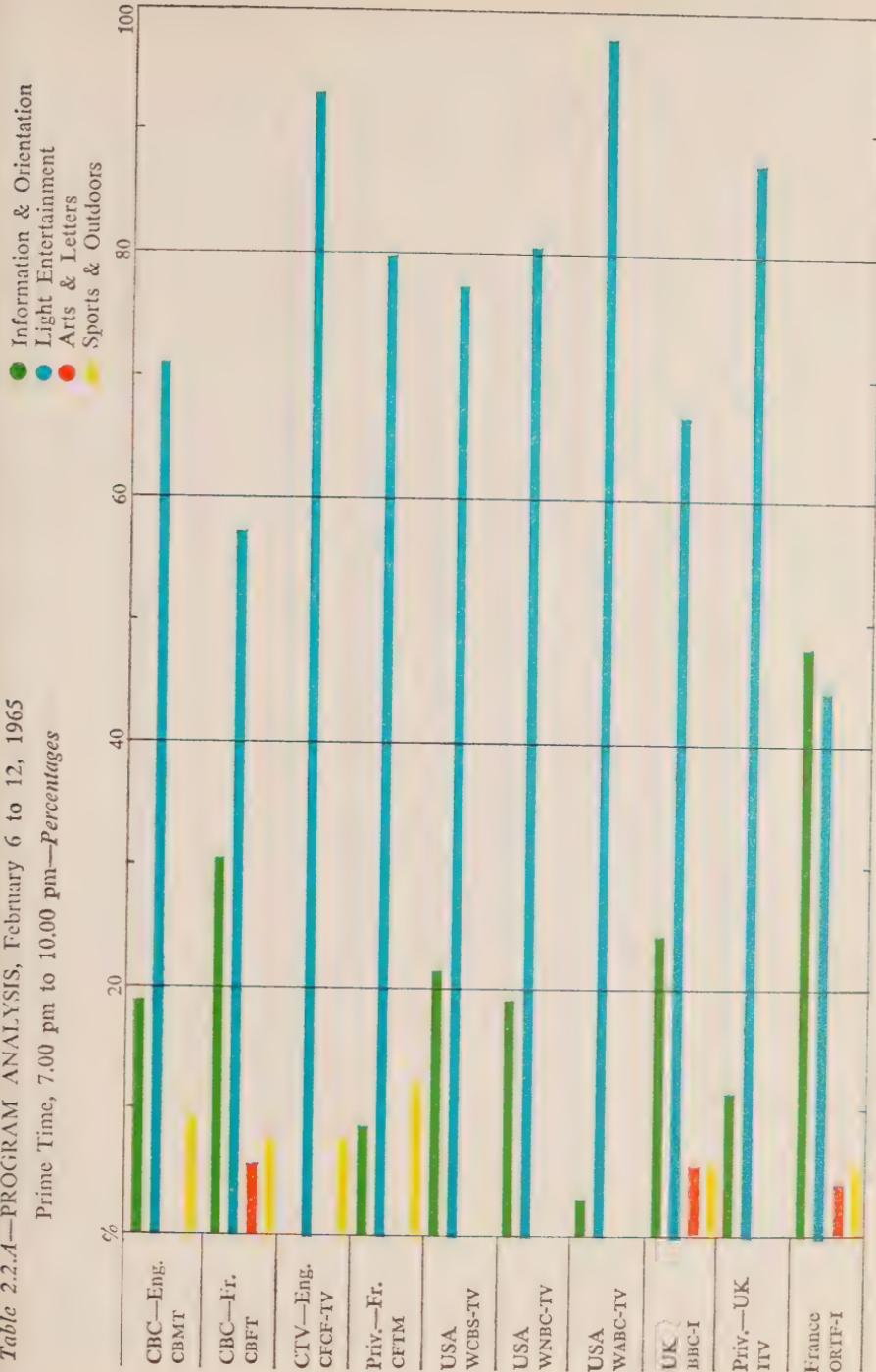


Table 2.3—PROGRAM ANALYSIS, February 6 to 12, 1965  
 Light Entertainment—*Full Time and Prime Time*

● Full Time  
 ● Prime Time

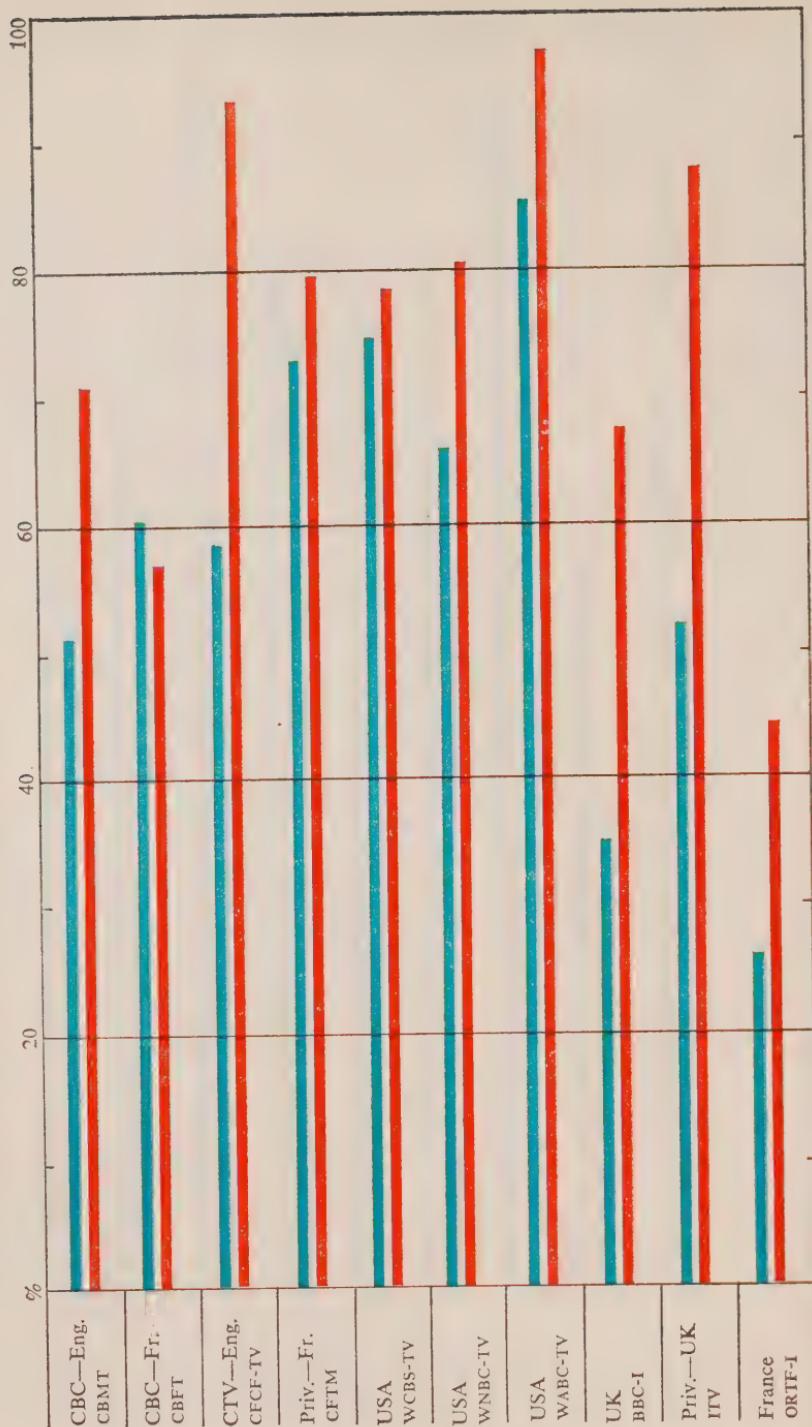


Table 2.4—BBG PROGRAM CATEGORIES—ALL TELEVISION STATIONS  
 (March 1-7, 1964)

	<i>Information</i>	<i>Light Enter- tainment</i>	<i>Arts, Letters &amp; Sciences</i>	<i>Sports &amp; Outdoor</i>
	%	%	%	%
<b>ENGLISH LANGUAGE</b>				
CBC Owned & Operated .....	37.5	52.2	2.2	8.1
CBC Affiliates .....	35.3	54.7	2.0	8.0
CTV Affiliates .....	28.8	66.3	0.2	4.7
Independent .....	16.8	74.8	—	8.4
All English .....	34.0	57.0	1.6	7.4
<b>FRENCH LANGUAGE</b>				
CBC Owned & Operated .....	36.4	54.7	2.5	6.4
CBC Affiliates .....	33.6	57.8	1.6	7.0
Independent .....	21.6	71.8	0.3	6.3
All French .....	32.9	58.6	1.7	6.8
<b>ALL STATIONS</b> .....	<b>33.9</b>	<b>57.3</b>	<b>1.6</b>	<b>7.2</b>

### *Program Quality*

In briefs and interviews we received many comments on the quality of Canadian television programs. Those concerning CBC programs were generally favourable, and in fact many programs produced by the CBC—especially information programs, drama, and special reports—compare to advantage with programs produced anywhere in the world. But we received a flood of criticisms of the quality of programs produced by private stations.

Two factors affecting CBC program quality are causing concern—the effect of the existing organization on program production, and the lack of training for production personnel. These two subjects are of such importance that they are examined in detail in later chapters of this report. We need only note now that improvements in the CBC organization should improve internal communications and cohesion, and restore morale, with significant results on program quality. Similarly, establishment of long overdue training procedures for artists and technicians involved in program production should not only reduce costs but also improve the quality of CBC broadcasts.

The quality of programs depends mainly on the quality of the creative people who produce them and not on administrative officials. The principal determinant of good programs is the taste, imagination, and wide interests of the producers, and without these qualities there will be no dynamic programming. Administration and control are necessary and important but secondary to the production of good programs.

No doubt because of financial difficulties in the first years of operation, the private television stations used much ingenuity to produce the few programs they did produce in Canada at the cheapest possible price. There have been too many quiz shows and similar types of program to fill out the schedules of the private stations and meet their Canadian content obligations.

There are some notable exceptions to the generally low level of performance. Some private stations have developed original and lively popular information programs which should occasionally make the CBC envious but for the rest the systematic mediocrity of programming is deplorable. There is a great need to recruit and train the talent necessary to raise present standards substantially, while greater efforts to pool the resources of the private stations could do much to raise the calibre of their programming.

### *Responsibility of Broadcasters*

Violent protests will always arise periodically against one program or another. A particular program may also sometimes be used as a spring-board for a general assault against 'the bad influence' of television programs in general. These reactions are normal and desirable in a democratic society. Furthermore, it is vitally important that the public should pay great attention to the way the broadcasters use the privilege given them by the State, and to the way the State itself uses public funds through the CBC.

However, among broadcasters, private or public, we have not met a lesser sense of responsibility than among the owners or administrators of other mass-media. In fact, broadcasters generally seem very conscious of the impact of the techniques at their disposal. They are subject to more stringent regulations than any other mass-media. These regulations are not useless; the BBG has recently given more attention to enforcement, and even recommended cancellation of the licence of

a private broadcaster when, according to the BBG, he showed that he could not abide by the mandate entrusted to him by the law. We hope that this stricter supervision will continue in the future.

While it is normal that the public should feel possessive and be very demanding towards the CBC, more attention should be given to private stations, by the general public, by different citizens' associations, and by the professional television critics. This would help to develop higher quality and more varied programming by the private sector.

However, public attention should not be focused only on programs considered by some people to be controversial or even immoral. It is dangerous to program-quality when broadcasters believe they have discharged their duty if a program passes unnoticed. Mediocrity and triviality are more damaging to Canadian television and its audiences than an occasional controversial program. Any program can be mediocre or trivial, whether classed as information, enlightenment, or entertainment. When a program lacks taste, sensibility, and comprehension of the world in which we live, its mediocrity weakens moral and cultural values more seriously than anything else.

### *Canadian Content*

The requirement that broadcasters offer a service 'basically Canadian in content and character' has never been intended as a proscription of all foreign programs. Canada has always recognized the value and interest of foreign programs, for television should be for every home a window on the world, and international affairs should not be seen only through Canadian glasses, especially if they happen to be dark glasses.

Nevertheless, the Canadian broadcasting system must never become a mere agency for transmitting foreign programs, however excellent they may be. A population of 20 million people surely has something of its own to say, and broadcasting is an instrument by which it must have an opportunity to express itself. The economic facts of television are such that it would be to the financial advantage of stations to fill all their broadcast time with foreign programs, particularly American productions. So that broadcasting will not simply respond to market forces, the Broadcasting Act stipulates that the service should be basically Canadian in content and character, and the BBG has implemented this provision by specific regulations as to the Canadian content of tele-

vision programs. This problem is not peculiar to Canada. In Britain, with a larger population and greater cultural resources, the BBC finds it necessary to impose on itself a voluntary quota of 11% to 12% of American imports, and the ITA imposed on itself a similar quota of 14%.

To what extent do Canadian broadcasters depend on foreign production to fill their schedules? To what extent have broadcasters helped to arouse the Canadian public to Canadian reality? To what degree have broadcasters helped Canadians, in particular Canadian artists, to express themselves? We shall attempt to answer each of these questions.

### *Foreign Production*

The BBG made a survey of the program origin of all Canadian television stations for the week of March 1st to 7th, 1964. The results of this survey are shown in Table 2.5, which sets out the percentages of program time derived from Canadian sources, and from Commonwealth, French, and other foreign (mainly American) sources.

This table shows that Canadian television depends heavily on foreign production. The percentage of foreign to total production varied between 39.7% (French-language stations affiliated to the CBC) and 50% (unaffiliated French-language private stations). These percentages would have been even higher if the study had been in a week during the summer, or if it had been limited to prime time in the evening.

Another analysis of program origins was made by the research staff of the CBC for the month of March 1964. It is confined to the programs available in the English language from 6 pm to midnight in Halifax, Ottawa, Winnipeg, and Toronto, and also surveys the viewing habits of people in those cities. Halifax and Ottawa are served by a CBC station and a private Canadian station, but are generally not within direct reach of American signals. Toronto householders can choose between six stations—one CBC station (CBLT), two private Canadian stations (CFTO and CHCH), and three American stations affiliated with NBC, CBS, and ABC networks respectively. Winnipeg is covered by one CBC station, one private Canadian station, and one American station. All these stations broadcast in English only, and the ratings of stations in these cities that broadcast in French were not taken into account.

The detailed tables showing the results of this survey are reproduced in Appendix C, and are summarized in Table 2.6.

(Week of March 1-7, 1964)

	Local Programs						Network Programs				
	Canadian		Common-wealth		French		Other Foreign		Canadian		Common-wealth
	%	%	%	%	%	%	%	%	%	%	%
<b>ENGLISH LANGUAGE</b>											
CBC Owned and Operated.....	15.0	2.9	—	17.7	35.6	41.9	2.0	—	—	20.5	64.4
CBC Affiliates.....	18.4	3.9	—	26.2	48.5	36.7	1.1	—	—	13.7	51.5
CTV Affiliates.....	39.5	6.1	—	35.9	81.5	9.9	1.4	—	—	7.2	18.5
Independent.....	51.2	8.5	—	40.3	100.0	—	—	—	—	—	—
All English.....	22.5	4.3	—	26.8	53.6	31.7	1.3	—	—	13.4	46.4
<b>FRENCH LANGUAGE</b>											
CBC Owned and Operated.....	1.6	—	—	—	1.6	58.3	2.4	15.6	22.1	98.4	
CBC Affiliates.....	16.7	0.9	0.2	10.7	28.5	43.6	1.2	10.2	16.5	71.5	
Independent.....	50.0	2.7	22.2	25.1	100.0	—	—	—	—	—	
All French.....	16.8	0.9	2.7	9.7	30.1	42.2	1.3	10.4	16.0	69.9	
ALL STATIONS.....	21.4	3.5	0.6	23.2	48.7	33.9	1.3	2.2	13.9	51.3	

Table 2.6—U.S. CONTENT OF EVENING TELEVISION, 6.00 PM TO MIDNIGHT,  
IN FOUR TYPICAL CANADIAN CITIES DURING MARCH 1964

Location	Programs shown by:				Programs viewed on:			
	CBC Stn.	Priv. Stn.	U.S. Stns.	All Stns.	CBC Stn.	Priv. Stn.	U.S. Stns.	All Stns.
	%	%	%	%	%	%	%	%
Halifax.....	37	65	—	51	40	69	—	57
Ottawa.....	43	63	—	53	48	68	—	58
Winnipeg.....	39	62	100	67	46	74	100	65
Toronto.....	37	65	100	78	33	75	100	74

It will be seen that, on the average during the evenings of March 1964, between 51% and 78% of all programs available to viewers in the four cities were of American origin. On the average, between 57% and 74% of the viewers were tuned to American programs. The percentages are naturally higher in Winnipeg and Toronto where direct viewing of American programs is possible.

The advent of private Canadian stations in areas where the CBC formerly provided the only service might have been expected to increase the availability of programs of Canadian origin. In fact, Table 2.7 shows, on the basis of CBC research, that it has worked in the opposite direction.

Table 2.7—EFFECT OF ESTABLISHMENT OF PRIVATE STATIONS IN HALIFAX,  
OTTAWA, WINNIPEG AND TORONTO ON EVENING VIEWING OF  
CANADIAN AND U.S. PROGRAMS

Location	Hours of Viewing					
	Nov. 1960		March 1964		% Change	
	Can.	U.S.	Can.	U.S.	Can.	U.S.
					%	%
Halifax.....	12.6	13.0	10.1	15.1	-20	+16
Ottawa.....	10.1	9.2	6.7	11.3	-34	+23
Winnipeg <sup>1</sup> .....	11.5	11.9	7.8	15.6	-32	+31
Toronto <sup>2</sup> .....	4.6	17.6	5.5	16.4	+20	-7

NOTE: 1 The Winnipeg figures for 1964 also include the effect of the establishment of the U.S. Pembina station.

2 The Toronto figures for 1964 show the effect of both the establishment of CFTO and the disaffiliation of CHCH.

In general, the addition of a private station has increased the viewing of American programs. Toronto is an exception, because it was already served by three American networks, and the addition of CFTO to the

available service (even though its programming in March 1964 was two-thirds American during the evening hours) produced a small net increase in the viewing of Canadian programs. The Toronto example suggests that, even in a market saturated with American programs, Canadian-program viewing will increase if more Canadian programs are put on the air.

However it seems clear that the advent of private television in Canada, instead of widening the scope of programs (whether American or Canadian) available to Canadian viewers, has merely increased the broadcasting of popular entertainment, mainly of American origin. Although the volume of available programs was increased, there was little if any increase in more serious programs directed towards limited audiences.

Private stations import about twice as many American programs as the CBC. This seems to be the most important factor in the consumption of American programs by Canadians. For the time interval and the cities studied, two-thirds of all the evening programming of the private stations was of American origin. The CBC is itself an important contributor to Canadian consumption of American programs. During the time studied, 39% of all evening programs broadcast by the CBC in these four cities were of American origin.

Finally we must remember that 54% of Canadian TV homes can receive American programs directly. In Quebec the percentage is 50%; in Ontario it is 77%; in Manitoba 68%; and in British Columbia 84%. Consumption of American programs broadcast by American stations, even if it varies from one region to another, is thus an additional important factor in the total. The surveys show that this direct consumption is negligible in Halifax and Ottawa, but reaches 16% in Winnipeg and 56% in Toronto.

Considering this situation, it is hard to contend that, particularly for private stations, the amount of American programs of the light entertainment type is not excessive, or that programming has not become seriously unbalanced.

In expressing concern about the large and growing exposure of American television programs in Canada, we should make two qualifications. First, it must be said in fairness that American light entertainment programs are very popular in Canada. In fact, for the four cities studied, the percentage of American program viewing is slightly higher than the percentage of American programs shown on Canadian stations. This is confirmed by another study of the evening schedule in nine Canadian cities for the month of May 1964; it also showed

that, except in French-speaking Canada, American programs tended to be more popular than Canadian programs. This, no doubt, is a tribute to American competence in the production of light entertainment with popular appeal, or it may be a reflection of the involvement of Canadians in North American habits of life. But it is an important fact that must be kept in mind.

Second, but much more important, we would emphasize that it is not the large number of American programs that concerns us; it is the fact that so many of them are light entertainment of mediocre quality and little permanent value. There are many substantial programs produced in the United States. Some are brought in now, mainly by the CBC, but we could do with more of them. However, the selection of American programs by the private stations, and to a lesser extent by the CBC, seems to be slanted in favour of the escapist and the insubstantial. The heavy infusion of American light entertainment dilutes the quality and destroys the balance of the total program content available to Canadian television viewers. Steps should be taken to create a better overall program balance—not excluding American programs of light entertainment, and certainly not merely replacing them by a similar type of Canadian program that would be indistinguishable from the American variety and possibly inferior in quality. What is needed is a better program balance in the total programs available to Canadian viewers.

### *Canadian Reality*

To what extent have broadcasters helped to arouse the Canadian public to Canadian reality? We had evidence from both public and private broadcasters that they are far from satisfied with the way they have met the requirement to provide a broadcasting service that is 'basically Canadian in content and character'.

The CBC has, in this area as indeed in most broadcasting areas, the primary role and the greater responsibility. It has the physical facilities to transmit programs dealing with Canadian problems all across Canada. It employs skilled producers, writers, artists, and others to explain and depict each of the two national cultures to the other. It receives very large sums of public money for the express purpose of providing 'a national program service'.

Network programs in the English language are produced mainly in Toronto, and French network programs almost entirely in Montreal. Some local production is also being done, but we are not convinced that local programs are being exchanged between regions as often as they should be. We are not only losing an opportunity to educate Canadians

about their own country; we are also missing an opportunity to reduce the total cost of programming.

The CBC has made an outstanding contribution to the development of Canadian culture both in French and in English. It can be said that the more the CBC contributes to the development of the two cultures, the more it will accentuate their characteristics and the more they will tend to differ from one another. There is nothing wrong with that; on the contrary, we must rejoice and believe that such a distinction can only enrich the Canadian society.

There is of course a danger that each culture may isolate itself from the other. We can say that, up to now, the CBC has not avoided this danger; some exchanges and joint productions between the French and the English networks have been tried, but they were very timid and their success has been questionable. In fact, each of the two networks seems more interested in producing outside broadcasts in foreign countries than in studying what is going on in Canada across the cultural and language frontier.

We believe the CBC has failed, and is failing today, to discharge adequately its duties to foster understanding between the two main cultural groups in this country. With rare exceptions, it does not produce programs that would assist English-speaking Canadians to understand the attitudes and aspirations of French Canada. Equally the CBC has failed to convey to French Canadians the doubts, uncertainties, ignorance, and good will of English Canadians concerning the 'French Fact'. The CBC has itself made the following statement about its programming performance:

"The present schedules do not permit an adequate amount of inter-communication between French and English-speaking Canadians; an adequate reflection of the diversified pattern of life, ideas and opinions from the various regions of Canada; an adequate development and utilization of Canadian writing and performing talents; or a proper diversification of foreign television entertainment."\*

It is perhaps fruitless to try to analyse the reasons for this failure now. Senior officials of the CBC admitted frankly that too little has been done by the Corporation in the fields of biculturalism and bilingualism and suggested various reasons for this failure. It was said that programs dealing with bicultural relations which might be possible today would have been unacceptable to the viewing or listening audience five, or even three, years ago; this is no valid excuse, unless the criterion of CBC programming is merely to give its individual publics what they think they want.

\*'Programming in the Public Interest—CBC Television'—CBC—12 February 1965.

It was also said that CBC creative staff—producers, writers, artists and others—are a microcosm of Canada, and necessarily reflect the different milieux from which they come. This is no doubt true, but if it is not possible to have an interchange of ideas and understandings between the creative people of the two cultures employed by the CBC, there is little hope that it can be achieved by the general and less homogeneous mass of Canadians. To accept this as an excuse is to accept defeat for the idea of a country united by a real understanding between French-speaking and English-speaking Canadians.

Finally, it was argued that lack of money had prevented the CBC from doing much to bring the two cultures closer together. Certainly this is no excuse at all. The total revenues of the CBC have steadily increased in recent years. There have been many claims upon them and it was a task of management to establish priorities. A relatively low priority was given to expenditure to develop an interchange between the two cultures. We think it should have had a very high priority.

Private broadcasters also have a duty to perform in the development of a truly Canadian consciousness. They could have done much more than they have, both individually and collectively, in this basic task of Canadian broadcasting. Speaking of the contributions of Canadian private broadcasters, Mr Don Jamieson, President of the Canadian Association of Broadcasters, had this to say in October, 1964:

*"The first of these is by providing a means through which Canadians can talk to other Canadians, on a continuing basis back and forth across this huge country. There is no more useful medium for this purpose than broadcasting. I believe it is possible to achieve the original goal of the founders of broadcasting by doing a good job of reflecting Canada to itself. In this way, I am convinced, much of the present misunderstanding amongst Canadians could be eliminated. It's true that something along these lines is being done today through news and information programs, but there are not nearly enough such programs and not nearly enough of our imaginative and creative resources are being brought to bear on this exciting and ultimately rewarding task. I repeat that the gulf which continues to exist between so many of us in this country is the most obvious indication of our past failures in this regard."*

We have not been able to discover, since Mr Jamieson's speech, evidence of any substantial effort on the part of the private television stations to remedy those 'past failures'.

### *Canadian Talent*

To what degree have broadcasters helped Canadians, and Canadian artists in particular, to express themselves? This question involves the extent to which broadcasters have developed, encouraged, and used Canadian artists, writers, musicians and other talented people. Although this part of our report is dealing with Canadian television programming,

we shall discuss the use of Canadian talent in both radio and television, for the problem is common to both media and should be seen as a whole.

Admitting that we have, and should continue to have, a substantial proportion of programs from American and other foreign sources in our schedules, there must be a sufficient production of Canadian programs if our broadcasting service is to be 'basically Canadian in content and character'. There must be an adequate volume of Canadian production if artists and creators are to achieve a high level of quality in the programs they produce. They cannot make programs of high quality or meet the varying tastes of Canadian audiences if their volume of production is held to a bare minimum.

The requirement of a reasonable amount of Canadian programs in our broadcasting service is not primarily a device for creating work for Canadian artists, although there is nothing wrong with using a national policy to increase employment and develop our creative talents. The real basis for insisting that our broadcasting service should be 'basically Canadian in content and character' is that Canadians have or should have something to say to each other, and the powerful communications-media of radio and television should be used to say it.

There is such a thing as a Canadian viewpoint. In public affairs, Canadians do not interpret events in the same way as Americans, Britons, or Frenchmen. But these differences in interpretation do not exist only in public affairs. Even for a musical work, production on the CBC French network differs from that on the English network, reflecting the differences between producers and artists of the two cultures. A play produced in Vancouver will be different from the same play produced in Halifax. These national and regional differences should be expressed on radio and television, even if they are not typically Canadian, and even if the opinions expressed or the methods of expression are not better or more valid than those of others. It is not simply a matter of opposing Canadian reality to American reality; it is rather the positive need to build up the cultural wealth of Canada. We believe that if Canadian artists and creators have greater opportunity to express themselves in all fields, a new dynamism and vitality in Canadian broadcasting will result to the benefit of Canadian society as a whole.

To what extent are the services of Canadian artists and creators now used in our broadcasting system? We received briefs from several unions of Canadian artists and production personnel. It is noteworthy that those briefs were not mainly concerned with the personal or collective interests of the artists; their first preoccupation was the Canadian broad-

casting system and the problems of both the CBC and the private stations. This was a welcome surprise, for it is no part of our duty to arbitrate labour relations between broadcasters and unions, or to determine whether Canadian artists are well treated or well paid. It is our business to assess the nature and quality of programming as a whole, to find the causes for its deficiencies, and to recommend solutions.

Admittedly, unlimited budgets will not necessarily produce good programs, and programs of originality and excellence can often be produced at relatively low cost, but the amount of money allocated to artists, creators, interpreters, and talent generally, is the major determinant of quality in program production. Our financial consultants provided us with an analysis of expenditures by the CBC and by private stations, which showed the amounts devoted to artists and other talent fees. This item does not, of course, indicate the total amounts spent on creative talent, as some artists are salaried employees. But many of these permanent employees have other duties, and most of the creative personnel work under contract, that is to say for a fee and not for a salary.

The amounts shown in the analysis for artists' and other talent fees, and especially the trend of these amounts, indicate an alarming situation. If we look at these figures in relation to the stations' gross income, whether CBC or private, if we study them individually for each station, if we study the evolution of the budgets over a number of years, if we compare the artists' budget to other budgets, we always conclude the same thing; broadcasters are steadily reducing the share of money devoted to creation and interpretation in Canadian broadcasting. The full details appear in the report of the financial consultants in Appendix A, from which we have extracted the tables that follow.

Table 2.8 gives a composite picture of certain items of expense for 229 privately owned radio stations.

*Table 2.8—TOTAL OPERATING REVENUE AND SELECTED ITEMS OF EXPENSE — RADIO*

	1961		1962		1963	
	\$000	%	\$000	%	\$000	%
Total Operating Revenue .....	49,414	100	53,578	100	58,212	100
Salaries & Wages .....	21,757	44.0	22,953	42.8	25,289	43.5
Staff Benefits .....	843	1.7	631	1.2	722	1.2
Artists and other Talent Fees ..	1,941	3.9	2,152	4.0	1,863	3.2
Advertising, Promotion and						
Travel .....	3,409	6.9	3,781	7.1	4,142	7.1
Net Income (loss) before Tax ..	3,664	7.4	4,744	8.9	5,205	8.9

It will be seen that artists' fees totalled \$1,940,000 in 1961 and \$1,863,000 in 1963, or about 4% and 3% of gross revenues respectively. In 1963, private radio stations spent over twice as much on advertising, promotion and travel as on Canadian talent. These figures are a disgrace. The \$1,863,000 spent by 229 stations on 'artists and other talent fees' in 1963 represents an average of \$8,135 a year, \$156 a week, or \$22.29 a day. We ask ourselves how many Canadian writers, producers, and musicians a station can hire for \$22.29. We try to imagine what sort of program, even at the rate of one program a day, a station can produce for \$22.29.

We are familiar with the plea of the small stations that there is little local talent to employ, even if they could afford to do so. We are not impressed by this argument; nearly all Canadian communities have some professional talent available. Moreover, private stations could certainly pool their resources to produce programs using Canadian talent. We acknowledge that a start has been made in this direction through the Exchange Service of the Canadian Association of Broadcasters. But we are convinced that a much more substantial cooperative effort could and should be organized by the private radio stations.

Table 2.9 gives a composite picture of selected items of expense for 61 privately owned television stations.

*Table 2.9—TOTAL OPERATING REVENUE AND SELECTED ITEMS OF EXPENSE — TELEVISION*

	1961		1962		1963	
	\$000	%	\$000	%	\$000	%
Total Operating Revenue .....	37,736	100.0	47,561	100.0	52,979	100.0
Salaries & Wages .....	14,797	39.2	16,820	35.4	17,363	32.8
Staff Benefits .....	477	1.3	548	1.2	586	1.1
Artists and other Talent fees ..	2,275	6.0	2,597	5.5	2,435	4.6
Advertising, Promotion and Travel .....	1,935	5.1	1,928	4.1	2,093	4.0
Net Income (loss) before Tax	(3,023)	8.0	1,385	2.9	4,912	9.3

It will be seen that artists' fees totalled \$2,275,000 in 1961, \$2,597,000 in 1962, and \$2,435,000 in 1963. Thus there was a slight increase followed by a slight decrease while revenues steadily increased, and the percentage devoted to artists' and other talent fees declined equally steadily from 6% in 1961, to 5.4% in 1962, and to 4.6% in 1963. It is worth noting that, out of the 1963 total of \$2.4 millions, more than 30% was paid by one French-language private station—CFTM (Montreal).

Our financial consultants also gave us figures for the CTV network and its eight affiliated stations. In 1961 the total spent on artists' and talent fees was \$1,067,000, about 9% of gross revenue, but in 1963 the total was only \$662,000, or about 3½% of gross revenue—a 30% reduction.

The amount that a private television station should spend, or can afford to spend, on Canadian talent may be debatable but the figures speak for themselves. In 1963, 61 private television stations spent \$2,435,000 on 'artists and other talent fees'—an average of less than \$40,000 a year, \$770 a week, or \$110 a day. Again we ask, how many writers, producers, actors, and musicians can be hired for \$110? With the higher costs of television, what kind of program, even at the rate of one a day, can be produced for \$110? Not only are the absolute amounts deplorably low, but the percentage of gross revenue devoted to hiring Canadian talent declined steadily over the last three years while the financial position of the private television stations substantially improved.

A distinction should be drawn between the use of Canadian talent by French and English radio and television stations as shown in Table 2.10.

Table 2.10—PRIVATE STATIONS

			Artist Fees	Stations	Average
Radio.....	French	1961	\$ 816,000	49	16,653
		1962	927,000	50	18,540
		1963	799,000	49	16,306
	English	1961	1,125,000	153	7,353
		1962	1,225,000	168	7,291
		1963	1,064,000	180	5,911
Television.....	French	1961	486,000	10	48,600
		1962	972,000	11	88,363
		1963	1,071,000	11	97,363
	English	1961	1,789,000	45	40,000
		1962	1,625,000	48	33,854
		1963	1,364,000	50	27,280

It may be that the relatively better record of French radio and television stations was more a matter of necessity than deliberate policy, because of the greater availability of imported programs in the English language. But whatever the cause, the record of the French stations *is* better. Not

only are the average amounts paid for talent higher, but they have been maintained for radio and have steadily increased for television while the English stations' averages declined for both. In 1963, on the average, the French-language stations spent 2.8 times in radio, and 3.6 times in television, what their English-language counterparts spent on artists' fees.

It seems clear that in private television the budget for talent was the easiest place to economize to recoup the losses incurred by new stations in their first years of operation. At the beginning, they may have tried to abide by the promises they made when they applied for licences, but when revenues were smaller than expected, expenditures were reduced and the talent budget was the first to feel the axe.

The meagreness of the talent budget is, in large part, the reason for poor and mediocre programming on the private stations. It is not surprising to see the trivial programming, and the improvisation of many programs, when they are produced with meagre budgets. How can it be otherwise when always the same few artists are asked to fill programs with nothing, or with stretched and dried tricks? Nevertheless it was by promising to produce programs using much Canadian talent that most private stations obtained their licences.

The experience of the past five years must awaken us to reality. It is true that it costs a lot of money to open a new television station, and in the first years of operation most private stations show a deficit. We know now that we must be watchful for whimsical or fabulous promises. We also know that private stations can easily cut the item 'artists' when spending has to be reduced.

We do not think that it should be for the control agency to establish the amount of money or the minimum percentage of revenue that each private station should pay for talent. However, we believe that the broadcasting authority should, in the future, insist that applicants make promises that are realistic and comply with the Canadian content regulations, and that the fulfilment of these promises should be made a condition of the licences granted. We develop this proposal in greater detail in Chapter 5.

The CBC has a better record (Table 2.11) in the use of Canadian talent than the private broadcasters, but has a special responsibility in this regard because of its experience, its means, and its mandate. The CBC has always been a very valuable instrument in the development of the Canadian artistic world. Its programming is more varied and bolder than that of the private stations. It appeals much more to Canadian creators, composers, and actors than do the private stations.

Table 2.11—CBC—EXPENDITURE AND TALENT FEES

	<i>Total</i>	<i>Artists' and Other Talent Fees</i>	<i>Proportion</i>
	\$ (000)	\$ (000)	%
Radio.....	1961	21,061	4,355 20.6
	1962	21,195	4,437 20.9
	1963	22,991	4,457 19.4
Television.....	1961	77,078	10,079 13.0
	1962	78,965	9,125 11.7
	1963	83,735	9,280 11.0

SOURCE: DBS.

The total CBC payments for Canadian talent in 1963 were over three times the payments made by all the private stations combined, although its total income was slightly less. However, it is distressing to note that payments for talent by the CBC dropped by \$700,000 between 1961 and 1963, and there is nothing to suggest that this reduction was offset by an increase in Canadian programs purchased by CBC from private producers.

Between 1959 and 1964, total CBC expenditures rose from \$90.8 to \$111.3 million, an increase of 22%; salaries and wages rose from \$31,938,000 to \$47,887,000, an increase of more than 50%, although the number of employees rose by only 11% from 7,051 to 7,861. In the same period, payments to artists and other talent increased by only 7.3%, and in Montreal and Toronto, where 80% of the talent budget is spent, there was virtually no increase at all. Since there was a concurrent increase in the scales of fees, the only possible conclusion is that the number of engagements decreased.

Apparently financial stringency produces the same result in the CBC as with private broadcasters; the easiest place to cut is in the employment of creative talent. This is a question of priorities. We do not suggest that talent budgets be limitless; however we do suggest that this should be one of the last parts of the budget to be cut. It seems that this policy has not been followed by the CBC during the last five years.

It is worth noting that almost all the meagre increase in talent fees paid by the CBC arose in the regional production centres, not in To-

ronto and Montreal. This might suggest that there has been some decentralization of program production, as recommended by the 1957 Royal Commission. Nonetheless, CBC figures show that excluding news and 'specials', 73% of the programs delivered to the English network in 1964-65 originated in Toronto and Montreal. For the French network, on the same basis, over 95% originated in Montreal.

It is odd to note, for example, that despite the excellent reputation achieved by the Manitoba Theatre Centre in recent years, CBWT (Winnipeg) contributed no drama to the English network. Out of 2,107 hours of French network broadcasting, only 99 originated outside Montreal, and of these 54 were devoted to 'Children's and Educational' programs. These figures, which support the opinions of many people we talked to, convince us that the regional production centres are not getting a fair shake of the dice when programs are being selected for network showing, and that their capacity to produce excellent programs is too often underrated by those responsible for network programming.

### *Canadian Content Regulations*

Television production is expensive, and Canadian broadcasters can acquire rights to American programs at a fraction of the cost of producing similar programs themselves. It is estimated that the cost of an American program to a Canadian station is generally no more than 5% to 8% of the cost of production. Left to operate freely, economic factors would quickly tend to make Canadian private television stations mere extensions of the American networks.

To ensure a broadcasting service that is 'basically Canadian in content and character', and to promote and insure "the greater use of Canadian talent by broadcasting stations" (Broadcasting Act, section 11), the Board of Broadcast Governors has found it necessary to promulgate a regulation concerning the Canadian content of television programs: at least 55% (45% between June 21st and September 30th, 1962, 1963, and 1964, but not in 1965) of all broadcasting time must be reserved for programs basically Canadian in content and inspiration. There is no Canadian content regulation for radio, and the BBG considers it difficult to make generally applicable rules. Section 12 of the Radio-AM Regulations is more a guide than a regulation, which it is hoped will maintain and even expand the Canadian content of private radio.

Regarding the television regulation, the BBG told us in a letter dated December 11th, 1964, that:

"The general policy implied by the wording of the Act has been affirmed and re-affirmed over the years by prior legislation, Royal Commissions, Parliamentary Committees, many national organizations and a host of individuals." (In addition the Board) "believes that the policy has the continuing support of Canadians generally, and has found itself in sympathy with the policy and has had no hesitation in implementing it."

This does not mean that the BBG is entirely satisfied with the system as it exists. Dr Andrew Stewart, Chairman of the Board, wrote to us:

"The specific reasons for the present regulations are that, the defects of the quota system notwithstanding, the Board has not found it possible to conceive any alternative device which appears to them preferable. The Board has noted that the quota system is widely, if not universally, used in countries which seek to direct broadcasting to serve national purposes."

These regulations have taken up much of the time and attention of the BBG. It issued its first Radio (TV) Broadcasting Regulations on November 12th, 1959 and has amended the provisions governing Canadian content seven times thereafter. These regulations are built around three basic elements—the percentage or level of content, the period over which the level is calculated, and the categories of programs. The regulations are not simple and easy to operate; the Board has spent much time interpreting them and assisting the private stations to comply with them. It has not applied them rigidly. At the outset the BBG had in mind a steady increase in Canadian content in order to reach the stipulated amount in about three years by 1962. Some warnings were then given, but only recently has the BBG taken enforcement action. Four stations were prosecuted, and each was fined the ridiculous amount of twenty-five dollars. No licence has been suspended for non-compliance with the Canadian content regulations, but the Board has recently taken advantage of the expiry of licences to be somewhat more stringent. It has said it will review each station's performance on the application for renewal, and is prepared to extend licences for a probation period only.

In fact, the application of the regulations has provoked many practical difficulties. The level of content and the period over which it is calculated are inseparably related. In July 1964, Section 6 was amended to provide for the calculation of the 55% Canadian content requirement over a calendar quarter instead of monthly. This change has been well received by the CBC and the private broadcasters, and introduced some desirable flexibility in the computation. In 1962,

1963, and 1964 (but not in 1965), the Board reduced the minimum to 45% in the summer months; the 40% prime evening time requirement was waived in 1962 and 1963. The 40% minimum Canadian content required between 6 pm and midnight obviously lowers the 55% rule but probably prevents a more serious dilution in the evenings. Without it, broadcasters could concentrate Canadian programs in the rest of the day and reduce them even more in the prime evening hours.

The true Canadian content was reduced when the BBG gave a Canadian content classification to programs of wide general interest such as the coverage of President Kennedy's and Sir Winston Churchill's funerals and the World Series. This has caused some criticism and has certainly introduced an artificial note into the regulation.

Religious and educational programs made outside Canada have been a problem. The BBG, after several hearings, agreed to give a Canadian content classification for programs produced by the National Educational Television system of the United States, to the Metropolitan Educational Television Association and CFTO-TV (Toronto), and to the Thomas More Institute in Montreal for sponsorship on CFCF-TV. However, the BBG has denied a Canadian content classification to religious programs made outside Canada, but it has been suggested that United Nations' broadcasts, and those of its agencies, might receive Canadian content classification because of their interest to Canadians.

Another problem has been the question of film inserts in live studio productions. In circular letter No. 33, the Board tried to set standards in this respect. Because of a good deal of confusion in this section, and because it was in fact practically impossible to administer, the Board rescinded its directives in this respect in October 1962.

Another special exception deals with programs from the Commonwealth and French countries. The Board decided to reciprocate the special treatment given to Canadian productions in Britain by awarding Commonwealth programs a 100% Canadian content classification up to a maximum of 90 hours in a calendar quarter. For programs produced outside Canada in French-language countries, half the time is awarded a Canadian content classification. Finally, a 25% classification is given to programs from these two areas that are dubbed in English or French. The difference between Commonwealth and French-language countries is based on a reciprocal agreement between Britain and Canada; there is no similar arrangement with France. Section 6(5) dealing with these exceptions is a source of controversy and

ridicule for the Board. Practically, this leads to situations such as the one where 'Thierry la Fronde' and 'Danger Man' dubbed in English and French respectively, are given different classifications. The effect is that 'Thierry la Fronde', which is dubbed in English in Toronto, has a lower Canadian content than 'Danger Man', which is dubbed in French in France. Another practical result is that it is cheaper for a station to broadcast a program from the Commonwealth dubbed in French, for example 'Le Saint', than to program a production of the National Film Board, since 'Le Saint' also has the advantage of 100% Canadian content classification.

Another source of difficulty has been Section 6(4)(h) of the Regulations, which deals essentially with co-productions. This is a touchy subject, because in the words of the Board, "in according Canadian content classification, the Board does not apply a fixed formula, but requires that an appropriate balance of elements be maintained in the production of programs or materials concerned"\*. However touchy, this provision does not seem to have created too many problems, and the Board has used it to encourage co-productions with Canadians while, at the same time, gradually increasing the requirement for Canadian participation.

We received many representations on this subject. Most expressed support for some kind of regulation of the Canadian content of programs; the present system was felt to be not very logical but better than nothing. There was strong support for more strict enforcement of the policy rather than less. The CBC sees advantages in the objective percentage test in the present regulations, but regards program quality as beyond the reach of law; on balance, the CBC agrees with the general concept of the regulations.

Private broadcasters have found it hard to live within the limits set by the regulations, and most of the amendments to the regulations since 1959 have resulted from their representations. Their experience with the regulations was greatly influenced by the difficulties they encountered in starting their operations amidst financial, commercial, and administrative problems. Private broadcasters complain about the fact that the regulations make the same demands on both the public and private sectors. They feel that, like all other regulations of general application, the Canadian content requirement places a greater responsibility on some kinds of stations than others. They say their

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\*BBG, Notes for Guidance, July 1, 1960.

experience suggests that circumstances will ensure a substantial percentage of Canadian content on all stations, even without a specific regulation; that trends in programming, such as the growing popularity of news, information, and public affairs programs, will make it easier to increase Canadian content. Finally, several broadcasters join many others in expressing the opinion that, whether we like it or not, the regulations aim only at quantity, not at quality.

Producers, authors, and performers have said almost unanimously that they are not only in favour of some kind of regulation of Canadian content, but feel that the present regulations are not sufficient, that they permit flagrant abuses which defeat the purpose of the regulations, and that they have failed to develop and encourage the employment of Canadian talent. They argue that the regulations are based on a false premise, in the sense that it is not the Canadian content that should be regulated but rather the foreign content. They claim that the 55% level is illusory, because the regulations officially recognize a lowering of the level to 40% during the prime evening hours between 6.00 pm and midnight, and because Canadian programs are made up mainly of quizzes and the like. They claim that the regulations will become meaningful only when they are applied by categories of programs instead of globally. Some of them are particularly bitter about the 100% or 50% Canadian content classification given to programs from Britain and France.

There is obviously some validity in many of these criticisms of the present situation. Compliance with the Canadian content regulations should clearly not depend, for example, on the number of foreign state funerals or major sporting events that happen to fall within a particular period. The plain fact of the matter is that Canadian content cannot be measured in terms of strict adherence to the letter of the law, for there is bad Canadian content as well as good Canadian content. A half-hour program of excellent quality may cost far more than several hours of quiz-shows and the like, and will undoubtedly be worth more in this context, but will still only be chalked up as half an hour of Canadian content. We believe that, taking all these factors into account, enforcement of Canadian content by universally applicable regulations is impractical. The individual capacity of each broadcaster should be reviewed from every angle at the time the licence is issued, and appropriate requirements for Canadian content should be made a contractual engagement as a condition of the licence itself. This principle is set out more precisely in the recommendations at the end of this chapter.

## RADIO PROGRAMMING

Our comments on radio programming will be briefer than on television, partly because we have already discussed the complicated subject of the use of Canadian talent by radio broadcasters in an earlier section. This does not mean that we believe radio is any less important.

The amount of money required for radio is less than that required for television and its influence per dollar of expenditure is great. We deplore the fact that television has captured the attention of the public and of public bodies so far as to inhibit a proper attention to radio.

With the appearance of television, it was thought for a time that radio would decline, if not completely disappear. But, after a certain period of crisis, radio readjusted and its physical growth continued. The number of radio stations in Canada increased from 156 in 1956, to 321 in April 1965. The increase in the number of receiving sets is still more striking. In 1950, there were 4,000,000 sets in homes across Canada and 500,000 in cars. In 1965 these figures became 7,800,000 and 2,600,000 respectively, not taking into consideration the large number of portable transistor sets. Radio is certainly not disappearing as a communication medium because of television competition.

While radio in Canada continued to grow physically, there were changes in its program content and in the listening habits of its audience. Under the competition of television, radio almost completely abandoned some types of program for which television was more suitable. As Professor McLuhan has said—

"One of the many effects of television on radio has been to shift radio from an entertainment medium into a kind of nervous information system. News bulletins, time signals, traffic data and, above all, weather reports serve to enhance the native power of radio to involve people in one another".<sup>1</sup>

"With TV accepting the central network burden derived from our centralized industrial organization, radio was free to diversify and to begin a regional and local community service, that it had not known, even in the earliest days of the radio 'hams'. Since TV, radio has turned to the individual needs of people at different times of the day, a fact that goes with the multiplicity of receiving sets in bedrooms, bathrooms, kitchens, cars and now in pockets. Different programs are provided for those engaged in diverse activities. Radio, once a form of group listening that emptied churches, has reverted to private and individual uses since TV. The teenager withdraws from the TV group to his private radio".<sup>2</sup>

Radio has become more mobile, more related to local happenings, and more heavily concentrated on music, mainly of a light popular kind providing a background of amorphous sound. The highest audience

<sup>1</sup> Op. cit. p. 298.

<sup>2</sup> Op. cit. p. 306.

rating for radio is now in the morning. A recent survey in fifteen metropolitan areas shows that almost 40% of all home radio sets are in use between 9 am and noon. After television programs begin, the use of home radio sets drops to 23% in mid-afternoon and continues to fall until in the period between 9 pm and midnight, fewer than 10% of sets are on. These statistics do not include the use of portable transistor sets and radios in cars.

The figures definitely indicate very substantial Canadian audiences for radio. If the 40% utilization rate of home radios is applied to all radio sets, and assuming only one listener for each set, it means that over 4 million Canadians are listening to radio in the morning hours. Even the 10% utilization rate in the evening indicates an audience of well over a million, which means that there is a substantial specialized audience for evening radio.

We discussed the present and future problems of radio with many officials of the CBC and of the private broadcasters. They are conscious of the important adjustments that radio has had to make since the advent of television. They admit the necessity for greater mobility, more speed in collecting and transmitting information, a better adjustment to the audiences which vary throughout the day. They realize that radio has many changes yet to make.

### *Private Radio Stations*

We did not attempt a complete survey of the programming of some 280 private radio stations in Canada, but we have enough evidence to permit some general conclusions. It must be said at once that private radio has adjusted extensively to the advent of television—probably better than the CBC. The private radio stations concentrate on events of local interest. Many of them have developed speedy information services. They often develop a dynamic pace which may at times seem over-excited and excessive. They are in close contact with their public, using telephone communications extensively, and this too occasionally becomes excessive and goes beyond the limits of common sense and good taste. Finally a few stations—particularly those that broadcast in French—have made appreciable efforts to use the services of Canadian artists.

One worthwhile initiative in private radio deserves mention. This is the program exchange system initiated by the Canadian Association of Broadcasters, in which more than 140 stations participate. These

stations pool programs, which are available to members at practically no cost other than that of supplying recording tapes. This system was inaugurated in 1962, and by 1964 more than 2,100 program hours were exchanged. Not only does this promote Canadian program distribution, it also encourages the occasional distribution of high-quality foreign programs. This system is far from having fully reached the CAB objectives which are: (1) to insure a larger distribution of Canadian programs; (2) to promote the development of Canadian artists and creators; and (3) to help the stations develop new kinds of program. However it is surely a step in the right direction, and we hope it continues to develop and even embark on new forms of program cooperation between the private radio stations.

Having recognized the considerable vitality shown by private radio stations in response to the development of television, we must nevertheless conclude that they are far from attaining the objectives set by Section 10 of the Broadcasting Act.

In many cases, radio has become a mere machine for playing recordings of popular music with frequent interruptions to carry as much advertising as can be sold. This is particularly true for private stations not affiliated with the CBC. The regions served by one or a few stations are thus very far from receiving the "varied and comprehensive broadcasting service of a high standard" that is required by the Act. Even in the large urban centres, the granting of many AM licences has often led to a general lowering of quality and a decrease in variety. This has allowed some listeners to ask themselves whether it would not be better to be served by a single station that would have to answer to the different needs of its audience, rather than by many stations that each broadcast only programs aimed at the largest audience. Furthermore in emphasizing local service, many stations have neglected to offer their audiences an outlook on Canadian and international reality.

We have already deplored the failure of private English radio stations to make an appreciable contribution to the use of Canadian talent. In 1963, 49 French-language stations spent \$799,000 for artists' fees, but 180 English-language stations spent only \$1,064,000 for this purpose—annual averages of \$16,300 and \$5,900 respectively. On the average the French-language private radio stations spent nearly three times as much as their English-language counterparts. These expenditures for Canadian talent represented only 7.3% and 2.4% respectively of the stations' total revenues. These levels would not be significantly improved by adding the payments made for Canadian records or tapes,

since the vast majority of the records broadcast on private radio are of American origin. We do not believe that the level of use of Canadian talent by the private radio stations is high enough, or that the financial and intellectual means to raise it are lacking.

Finally, some private radio stations appear to have believed that the attention given to television by the public and the Board of Broadcast Governors granted them some kind of immunity, and they clearly abused their privileges by broadcasts verging on defamation and vulgarity. We are happy to note that the BBG is now giving greater attention to radio. Certain recent decisions may have served notice on all stations that such excesses will not be tolerated and that standards of programming must be improved.

#### *Private FM Radio*

Frequency Modulation (FM) is a distinct technique for broadcasting radio signals, requiring a different type of transmitting equipment and receiving set, which generally provides a clearer and fuller reception of programs than AM. The FM technique has been known for twenty years, but only in the last five or six years when radio frequencies have become scarcer have broadcasters and the public shown much interest in it. The number of FM receiving sets is still relatively small and there are only 49 private FM stations in Canada, 11 of which are owned by AM stations affiliated with the CBC.

With few, if any exceptions the BBG has granted FM radio licences to private broadcasters who already had an AM station, provided they supplied programs substantially different from those on the AM band. This policy was practical and probably inevitable, given the fact that the available FM audience is still too small to support an independent FM station. In this way the public has been given access to a somewhat wider variety and higher quality of radio programs than it would otherwise have had. However, two matters deserve particular attention.

It is still too early to say whether FM radio can be maintained as a separate and distinct service, or whether it will become merely an alternative means of transmitting radio signals, thus increasing the number of available frequencies. As long as FM licences are held only by broadcasters already holding an AM licence, it is fair to insist on maintaining a real difference in the two services. But we note an alarming tendency in the programming of some FM stations. After being licensed, they began by broadcasting programs generally different and higher in quality than on their AM stations, but soon FM standards were lowered and

commercial messages increased until the programming was virtually indistinguishable from AM. We believe that the public control agency must be vigilant to put a stop to the waste of airways when broadcasters are more in a hurry to make profits from both AM and FM stations than to serve the public. There should be no hesitation in cancelling licences of stations that fail to comply with their undertakings, or in refusing renewals.

The second cause of concern is that present policy concentrates the use of FM frequencies in too few hands, and only in those whose main interest and profit comes from their AM stations. The acquisition of an FM station by a holder of an AM frequency permits him, if he chooses, to achieve a certain respectability on the FM station and use the AM station to provide unbalanced programming and the maximum amount of commercialism. We believe that the performance of a holder of both an FM and AM licence should not be judged on the combined programming of the two stations; each should be judged separately. Moreover, as the time rapidly approaches when the number of FM sets in use will justify grant of FM licences to applicants who do not already hold AM licences, we urge that independent applicants be given preference, and that consideration be given by the Broadcasting Authority to the reduction of multiple frequency ownership. Even counting the FM frequencies, the total number of available radio frequencies for Canadian use is small enough, and the more hands they are in, the greater will be the variety and vitality of Canadian radio.

### *CBC Radio Programming*

Radio has been the neglected child of the CBC during the last ten years. The advent of television and competition from private television stations have caused the CBC to turn most of its attention to the newer medium. The large sums of money needed for television and the public interest in the programming of this new technique have tended to make the administrators forget radio. These facts are freely admitted by senior officers of the CBC.

However it is not fair to suggest that nothing has been done. Certain programming changes were made to answer the new needs of Canadian society and to compensate, especially on the English network, for the loss of certain American programs. Also, around 1961, a standard schedule was adopted on the English network to permit different regions of the country to receive network programs at appropriate hours

according to the different time zones. The service to the northern territories has been much improved during this period. But many problems remain unsolved. The CBC appears to be conscious of this and, during our inquiry, began an intensive study of its own on CBC radio services.

One of the most important problems of CBC radio is the lack of precise definition of the 'national service' concept. The mandate to provide a national service is often restricted to the provision of programs on the national radio network. The national network service is important and should be maintained, but with the changes brought about by television in the role and techniques of radio, the network service cannot in itself fully discharge the national service concept. Canadian radio, whether public or private, must have local and regional content if it is to meet the wishes and expectations of the public. Indeed a radio service cannot be truly national and vitally in touch with public needs unless it contains a substantial amount of programming of local or regional interest. It is no longer sufficient for the CBC to provide and distribute a common network service across Canada; it must be flexible enough to supply a varied program service in radio, taking account of different regional and local interests, and the special interests of minority groups.

CBC commercial policy in radio has been confused and blurred in recent years. The CBC would like eventually to eliminate commercial revenues from its radio service, yet its mandate remains to seek some advertising revenue—both nationally and locally. Its commercial efforts have, not unnaturally, achieved only limited success. The French-language radio network and stations, serving a much smaller population, have produced for the CBC a greater commercial revenue than the English-language network and stations. The share of the CBC in total advertising revenue from radio has fallen from 6.5% in 1955 to 3.9% in 1963-64.

The CBC has increased the number of 'repeats' of musical programs, plays, and public affairs programs, but this practice could be extended with advantage. With increased radio-listening in the mornings and afternoons, significant programs that may have been missed at the time of original broadcast can usefully be repeated days, months, or even years later at different hours. There seems to be no systematic and concentrated effort to facilitate program exchanges between local stations, and we are convinced that not all the possibilities have been explored for program exchanges between the French and English networks.

In the use of Canadian artists, the CBC has a better record than the private sector. In 1963 the CBC paid \$4,457,000 for artists and other talent fees in radio, while 229 private radio stations paid a total of only \$1,863,000. Since the indirect costs of radio are much lower than television, a higher proportion of the budget is allocated to artists' and other talent fees. We believe that radio must remain an important instrument for the utilization of Canadian artists and the CBC must not diminish its patronage in the future.

Experience seems to show that radio will remain superior to television for broadcasting music, and is a much more economical and flexible instrument for programs designed for minority audiences. In addition, radio is still more than holding its own in news and current affairs reports. In this connection, we believe that more attention should be given by the CBC to news and commentaries within Canada, particularly on the French radio network from predominantly English-speaking areas. As soon as possible, there should be a French-language and English-language correspondent at each of the main production centres from Newfoundland to British Columbia. This would allow both CBC networks in radio and television to collect and transmit news, information and commentaries from all parts of the country.

The CBC has done much to provide a national radio service, but can do much more. Criticism of the adequacy of the national service is more applicable to the French network, which now serves most of the maritime provinces, all of the province of Quebec, Ottawa, Toronto, northern Ontario, and parts of Manitoba, Saskatchewan and Alberta. The problem of extending CBC French radio coverage is discussed in Chapter 3, but it is important to note that, at the present time, the French network has access to only a limited part of Canadian life. The French network is not really equipped to broadcast news, commentaries, or other kinds of programs from all parts of the country. Thus, for the French network, Vancouver or St John's, Nfld, are almost as far away as Timbuktu.

### *CBC—FM Radio*

At the present time, the FM radio service of the CBC comprises one French-language station in Montreal and four English-language stations, in Montreal, Toronto, Ottawa, and Vancouver respectively. A new FM station is to be opened in Winnipeg in the near future. Until now, FM programming has been limited almost exclusively to recorded music and the only live programming has been news broadcasts.

The CBC states that it has a long-term plan to establish a French and English FM service in all the principal cities in Canada, but we have not had the opportunity to examine this plan. The CBC has also stated that 'if resources are made available', it would experiment in providing taped programs to private FM stations. We believe that this would be a happy initiative, and it does not appear that the cost would be great. In fact, the CBC could follow in this respect the practice established by the exchange program of the Canadian Association of Broadcasters.

The CBC considers it too early to determine the future role of FM radio, and has not developed a precise policy for FM programming. Research shows that, at present, the listener regards FM radio as a quality music service intermingled with news and short commentaries. It is foreseen that, over the long term, the CBC may transfer some programs from AM to FM and *vice versa*, and that both services will use a certain amount of identical programs at different times.

### RECOMMENDATIONS

In a sense, since we regard the provision of good programming as the essential task of the Canadian broadcasting system, all the recommendations in this report are recommendations on programming.

Recommendations on other specific aspects of the broadcasting system are left to later chapters for detailed discussion, and only a few that have particular influence on programming need be mentioned briefly here. Obviously, the recommendations we make on financial provision for the CBC will have a direct bearing on the programs the CBC can produce. So also our proposals for the future commercial activities of the CBC will affect not only the financial resources available for the production of programs but also the nature of the programs themselves.

The powers and practices of the board or agency responsible for the control of the Canadian broadcasting system will have extensive influence on the programming of both public and private broadcasters. Our proposals for the future public control of the broadcasting system need now be mentioned only in summary form. We advocate the creation of a public agency to be called the Canadian Broadcasting Authority, which should be entrusted by Parliament with the supervision, control, and direction of all broadcasting in Canada. Among its powers, it should be responsible for determining who should hold licences, and the terms and conditions applicable to the use of radio frequencies and television

channels by all Canadian broadcasters. The Authority should enact or continue existing regulations of the BBG that are of general application to prohibit certain broadcasting practices in programs which might endanger public order or offend against good taste, and also to impose limits on the number and length of advertising messages. In addition, we suggest that a system of individual program undertakings should be developed by the Authority, taking account of the differences in size, wealth, and location of Canadian radio and television stations. These undertakings should be based on declarations by the Authority of its programming objectives and, when approved, should become formal conditions of each licence and enforceable as such either by prosecution or suspension of the licence. The way in which any broadcaster has complied with the program-performance conditions of his licence should also be taken into account when the licence has expired and its reallocation is decided; while the legitimate claim of any licensee for continuation of his franchise should be considered, the Broadcasting Act should make it clear that no one has an automatic right to the 'renewal' of a licence.

For the improvement of programming, we recommend that the Authority should be adequately staffed to be able to examine the considerable amount of information as to program performances already submitted to the BBG, and such additional reports from stations as to their performance that the Authority may require. Moreover, we urge that the Authority should stimulate research, concerning the radio and television public, its tastes, needs and interests, and the influence of these media on various segments of society. This need not involve the Authority in creating a large research department, as much of the work can be commissioned from outside experts; but the development of more extensive knowledge of the social implications of radio and television would assist the Authority in determining the performance conditions of licences and guiding the improvement of program standards.

As to the regulation of program standards, we admit at once that quality cannot be legislated. It is possible to prohibit programs that disturb public order or offend against good taste and morals, but there is no guarantee that programs complying with such regulations will achieve a high level of quality. Most of the artists and creators who discussed broadcasting with us stressed that the quality of programming is not only a question of money, and the improvement of quality does not depend wholly on an increase of program budgets. It is also a

matter of creating the conditions and the atmosphere in which creative talents can work, both with sufficient freedom over individual program production and with sufficient supervision and direction as to the general objectives and purposes of the broadcasting system.

If the control agency cannot regulate quality, it can certainly stimulate initiatives to raise the program standards of Canadian broadcasting. In its direct supervision of the CBC, the Authority can define the objectives of the public broadcasting service and specify the general form and content of balanced programming by the CBC. For the private broadcasters it can similarly define objectives and encourage cooperation between private stations for the joint production of programs.

We recommend that the Broadcasting Authority establish a system of annual awards for the best Canadian television and radio productions, similar to the Governor-General's Awards for literature. This will not necessarily produce a sudden increase in the quality of Canadian programs but such an initiative, with substantial awards, could progressively acquire considerable prestige in broadcasting. These awards obviously should not only put the winning stations in the spotlight but also, and even more, the artists and other creative personnel who contributed to these winning productions. It would probably be appropriate for some awards to be open to competition by all broadcasters, and for some to be offered within the public and private sectors separately.

Beyond these general recommendations on programming, we have several specific proposals.

### *Duration of the Broadcasting Day*

One of the most important factors that has contributed to the rapid increase in television costs has been the progressive lengthening of the broadcast day. We believe that the increase in the hours of television broadcasting may have already gone too far, and certainly should not be continued.

It is argued that the Canadian pattern of broadcasting must follow that set by the American networks; that Canadian audiences will become attached to American stations within reach in the earlier hours of the day, and will thereafter be lost to Canadian stations. We do not believe that these arguments are valid, or that a population of 20 million people should be committed to engage in an impossible race with a population of 200 million people. Even today, American television

begins earlier than Canadian television, and if the former should provide service throughout the 24 hours of every day, there is no reason for us to do likewise.

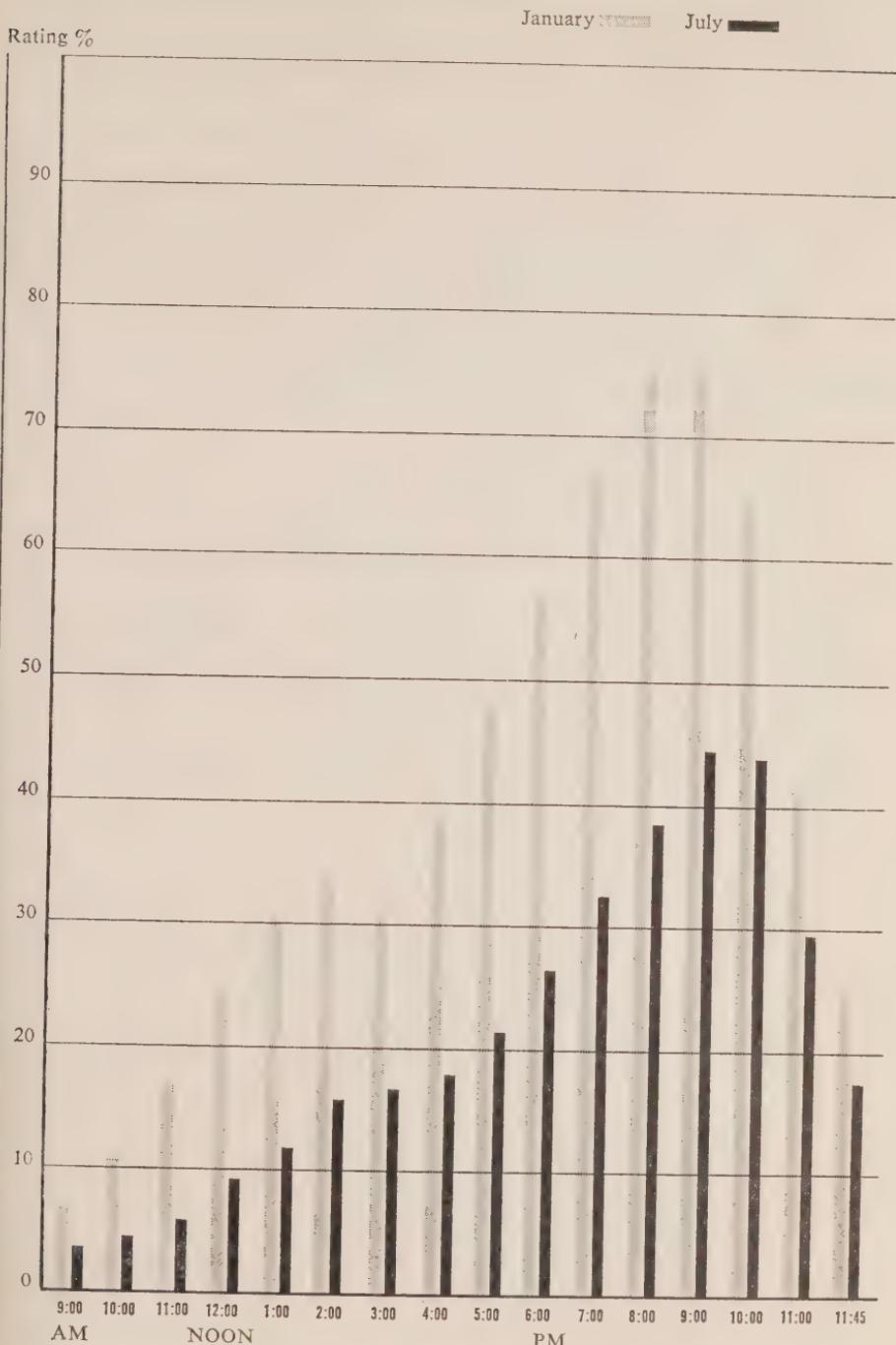
This is a question of ensuring the optimum use of available resources in television. When resources are spread too thinly over the hours of broadcasting, the quality of all programs suffers. Television programs now broadcast in the morning are often very low-cost shows, mainly old feature films that have encumbered the racks of distributors for years. We find that the size of the Canadian television audience before noon does not justify such programming and produces very little commercial revenue. It is not only a question of the efficient use of financial resources but, even more important, the efficient use of the limited resources of broadcasting time. There is a more important use that the morning television hours can be put to, namely school broadcasting. This is a growing need which we discuss in detail in Chapter 16. To meet this need, we think that the time-assets of the morning television hours should be reserved for school broadcasts on all Canadian stations.

The size of the Canadian television audience before noon is very small. A survey made by the A. C. Nielsen Company of Canada Limited (Table 2.12) shows the national use of television in the months of January and July 1964. Between 9 am and 10 am, use in January was 7.1% and in July 3.8%; between 10 am and 11 am it was 10.7% and 6.5% respectively; and for the final hour before noon it was 16.3% and 9.4%. Admittedly the survey showed that set-usage was higher in Toronto, where American morning signals are available, than in Halifax where they are not; however since the audience in Toronto is shared by six stations, it is doubtful whether any individual station's share justifies morning programming.

In any event, we think that the dilution of program quality caused by using resources for morning programming should be ended, and the morning hours should be devoted to the more useful purpose of school broadcasting. We also believe that there is no justification for restricting CBC schedules and leaving the private stations free to broadcast as they wish. The energies of private broadcasters should be concentrated, individually and collectively, on improving program quality in the afternoons and especially in the peak viewing hours of the evenings, and the morning hours on private stations, as well as those on the CBC, will be needed to meet the demands of school broadcasting.

This problem of restricting the hours of television broadcasting is not unique to Canada. It has been faced by a number of other

Table 2.12—NATIONAL LEVELS OF HOMES USING TELEVISION  
January 1964 - July 1964—7 Day Average



countries to ensure the optimum use of television resources, and these considerations apply equally to Canada, despite proximity to the United States. As an example, we have reproduced in Appendix D an excerpt from the British Postmaster-General's directions concerning the maximum weekly hours of television broadcasting.

We therefore recommend that the proposed Canadian Broadcasting Authority should prohibit television broadcasting in Canada in the morning hours before noon. Since families are more likely to be together during weekends, there could be some argument in favour of limiting this prohibition to the period from Monday to Friday inclusive of each week, although we would favour its application throughout the week. An exception should however be made to this rule in favour of school broadcasting, religious broadcasting, or for the broadcast of special events of national importance to be designated by the Broadcasting Authority.

#### *Regulation of Program Balance*

Television is and will remain, in large measure, an instrument of entertainment. However, we have no hesitation in concluding that light entertainment occupies an excessive share of the schedule in the peak-viewing hours and that it has caused serious program imbalance. That share is particularly high among private stations but the CBC is not immune to criticism either. The briefs submitted to us expressed general dissatisfaction with the preponderance of light entertainment in the evening television schedules.

We believe that the private stations, as well as the CBC, have a duty to offer a type of programming answering the needs as well as the tastes of the various elements of the public that constitute their audience. There can be no question of confining the CBC to so-called serious programs and letting private broadcasters fill up their schedules with light entertainment. If we believe, as we do, in the unity of the Canadian broadcasting system, the responsibilities in this respect must be assumed by all broadcasters. We are moreover suspicious that private broadcasters have taken the easy way out in the field of programming. Thus, for instance, the expanding interest of the public for science and scientific developments does not seem to have been fully exploited.

The recommendations we are making as to the powers of the Canadian Broadcasting Authority should facilitate a closer supervision of television programming. However, we recommend that the Authority should adopt regulations, or should enunciate a policy to be incor-

porated in the conditions of licences, requiring a minimum number of hours a week to be devoted by all stations, private as well as public, to public service broadcasting (information and education at large), between 6 and 11 in the evenings.

### *Regulation of Canadian Content*

We described in some detail, earlier in this chapter, the regulations of the BBG concerning Canadian content of television programs, and some of the difficulties they have experienced.

We support the policy expressed in the Broadcasting Act and in numerous investigations that Canadians should have "a broadcasting service of a high standard that is basically Canadian in content and character". We believe this policy is in accord with the wishes of the great majority of the Canadian people. It is based not on a desire to exclude American and other foreign programs, but on the belief that Canadians have something to say to each other and that they should use the broadcasting media to say it.

An adequate Canadian content in television programs is unlikely to be achieved by a *laissez faire* policy of minimum regulations, governing advertising volume, morality, and the like. Economic forces in North America are such that any substantial amount of Canadian programs will not appear on television schedules unless room is reserved for them by regulation. The plea of private stations that they would produce better Canadian programs if they were allowed to concentrate the available money on fewer productions is not supported by the experience in radio, for which there are no specific Canadian content requirements.

We recommend that the *principle* of the present Canadian content regulations should be retained for the control of television of programming and progressively adapted and applied to radio programming. We believe that the volume of truly Canadian programming now demanded by the 55% requirement, with its numerous exceptions and artificial interpretations, is the *minimum* amount that should be demanded from all television stations, and that larger and more prosperous stations should do, and should be required to do, more. It is the volume of *truly* Canadian programs that matters, and we deceive ourselves in thinking that the present regulations with their special and numerous exceptions produce 55% of such programs. It may be that, if the present format of regulations is to be continued, they could be simplified by

eliminating such artificial rules as those applied to the World Series and other events of wide interest which could be exempted from both sides of the calculation. It would be better to state the *true* Canadian content, even if at present levels this is less than 55%.

In our proposals concerning the licensing procedure of the Broadcasting Authority, we recommend the establishment of individual station standards of program performance, which are to be made a condition of each station's licence and enforceable as such. If this recommendation is adopted, the requirement for Canadian content should be specified in the declared policy of the Authority for the guidance of each station in preparing its program-performance proposal. The requirement could be spelt out in detail, indicating the amount of Canadian programming to be included in the prime hours, and in the different categories of programs. On the basis of this declaration of policy each station would then include in its proposals provision of the necessary amount of Canadian programming which, when approved by the Authority, would become a condition of its licence. In this event, the requirement of Canadian content would be stated in the Authority's declaration of policy at the time of the formulation of station performance standards, and need not be continued as a general regulation. Enforcement of the Canadian content requirement would take the form, not of prosecution for breach of a regulation, but of prosecution or licence suspension for breach of a condition of the station's licence.

We believe the suggested establishment of standards of individual performance is possible and practical. For supervision of Canadian content, both as to quantity and quality, it is more flexible than any general regulation can be. The Authority can state its requirements in greater detail and adapt them to the situation of each station; it can require more from the wealthy metropolitan stations than from the less prosperous rural stations. It strikes at the real objective of achieving the appropriate performance by each individual station. It would be equally applicable to radio as to television. An incidental advantage would be the elimination of the present complicated and somewhat artificial general regulations concerning Canadian content.

However, if it is decided that a system of individual station-performance standards should not be adopted, the requirement of Canadian content in television programming should be continued by general regulation as at present. The Authority might try to eliminate many of the complications and artificial rules that now exist, even by establishing a somewhat lower percentage than 55% to reflect the *true* Canadian

content of the present requirement. The Authority might classify television stations according to size and population served, competition and service by other stations, and other factors, to establish appropriate Canadian content requirements for each category. The period over which the Canadian content is to be calculated should, we think, remain three months or a calendar quarter as at present. The application of section 6(4) of the regulations, dealing with co-productions, should continue to be flexible but should become progressively more restrictive. Under section 6(5), the same treatment should be given to programs from Commonwealth and French-speaking countries whether they are in the original language or dubbed; otherwise this sub-section should be eliminated. Section 6(6) should be revised specifically to permit the use of educational broadcasts from foreign sources.

### *Canadian Reality*

The regulation of Canadian content, however specific, cannot guarantee that Canadian broadcasting will give a true image of Canadian life. Apart from the volume of program imports, private radio and television stations, when they produce any Canadian programs, produce too few with other than a purely local or regional interest. There should be a large increase in the exchange of programs between stations in the various regions of Canada, in radio as well as in television, and between CBC stations as well as between private stations. Although there have been some such exchanges in the past, these have been quite insufficient, and a vigorous policy should be put into effect in this respect.

In the particular field of information and commentary, there has been far too little cross-programming between the various regions of Canada. This phenomenon is particularly obvious between French-speaking and English-speaking regions. Here, even the CBC is far from having fulfilled its mandate. The image of French-speaking Canada as presented to English-speaking Canada by the CBC, and *vice versa*, is at the present time totally inadequate. It is a sad judgment upon the CBC that it does not seem to have awakened to this situation before the general public became aware of it. But, here again, we wish to stress that this is also a duty which applies equally to the private stations. The Broadcasting Authority must, in our opinion, take all means to ensure that the necessary improvement takes place.

Moreover, Canadian broadcasting must not shelve its responsibilities to make Canadian artists known and appreciated. That responsibility

does not lie exclusively with broadcasting but, in view of the importance of these media in modern life, it is obvious that radio and television have heavy obligations in that respect. We have shown that, proportionately to the total budget of the stations, or even in absolute terms, the fees paid to artists have decreased in the last few years. The private stations, after having gone through a difficult period, seem to have risen above their financial difficulties and embarked on a period of substantial prosperity. We recommend that the Broadcasting Authority should follow very closely the financial positions of private stations as well as that of the CBC, to assess whether a fair proportion of the income of the stations is used for truly artistic creation and interpretation. We should add that this does not mean that the English-language stations should be satisfied with employing English-speaking artists, and *vice versa* for French-language stations. Each language group has artists, particularly in the field of variety, whose talents could be used with great advantage by the other.

We should not leave the important subject of programming without acknowledging a fact that was almost unanimously recognized in the evidence submitted to us—namely the higher quality of CBC programs compared to those of the private stations. The numerous awards won by CBC programs in international competition attest to the comparative quality of CBC productions. However, we are convinced that both public and private broadcasters can do better, and should be required to do so.

Within the private sector much could be achieved by more vigorous and sincere voluntary efforts by the broadcasters, but guidance, encouragement and regulation should be given to these efforts by the Broadcasting Authority.

For the CBC, we believe that recommendations throughout this report will make it possible to raise the already high level of program quality. In particular, our proposals for the reorganization of the CBC administrative structure, for the provision of long-term financing on an assured basis, and especially for the introduction of long-overdue recruitment and training programs will, if implemented, provide a new drive and a new dynamism in CBC program production.

Whatever may be said of the programming achievements of Canadian broadcasters, and whatever reasons may be given for their failures or inadequacies in the past, we cannot find that programming today is in a satisfactory state. It lacks balance, variety, and an adequate level of excellence. These should be the principle objectives of broadcasters, the Broadcasting Authority, and Parliament in the next few years.

# 3

## FACILITIES AND COVERAGE

*There are limits to everything. In all this time  
something definite should have been achieved.*

Boris Pasternak (Dr. Zhivago)

### THE CANADIAN AUDIENCE

It is now nearly fifty years since the first Canadian radio programs were broadcast, in 1918, to listeners in the Montreal area. Today, radio reaches 98% of the population of Canada, and 94% can receive television signals. Steady advance is being made each year in the extension of television and radio coverage, not only to remote areas but also to those Canadians whose principal language is English or French and for whom broadcast services are not available in the language they use for everyday purposes and understand best. The closing of these gaps in the national broadcasting system is of an urgency and importance second only to improvements in programming.

From the percentages quoted, it could be argued that there is a limit to what can be spent on broadcasting and that enough is already being done. But percentages are notoriously misleading. Of nearly 20 million Canadians, some 400,000 are not yet served even by radio, and around 1,200,000 do not have television. In a society that regards broadcasting almost as a necessity of life, this is not good enough. It

would not be good enough if service had to be provided in only one language, and Canada is bilingual.

There are nearly 500,000 Canadians who speak only English or only French without CBC radio network service in their own language, and more than 1,400,000 lacking television. But this is not all. More than 2,000,000 Canadians are officially classed as 'bilingual', some of whom do not enjoy CBC radio or television network service in their first language. Among those who are served only in their second language, there must be many whose knowledge and understanding of the second language is barely adequate even for business and social purposes; for them, except perhaps for the news, any program broadcast in their second language that rises above the level of the lightest of light entertainment might just as well be broadcast in ancient Greek.

All Canadians pay for the national broadcasting system—not just for the CBC, but for the whole system, including the private radio and television stations. They pay for about a third of the total cost when they pay their taxes. They are paying for the other two thirds every time they run around to the corner store for a can of soup or a loaf of bread. Many of them are thus paying for broadcasting services they cannot enjoy. Clearly, much remains to be done.

### *Receiving Sets*

Estimates by the Dominion Bureau of Statistics for May 1964 indicate that there must now be around 5 million television sets and 10 million radio sets in use in Canada. In a total of 4,757,000 Canadian households, 91% had television sets, 96% had radio sets, and 88% had both. In addition, 62% had one or more radio-equipped cars, and there is no counting the number of pocket transistor sets (Table 3.1).

For comparison with these figures, 4,192,000 Canadian households (88%) have telephones, of which nearly 600,000 have two or more. The number of households with cars is only 3,518,000 (74%), and of these again nearly 600,000 have more than one. There are almost as many television households with two or more sets (425,000) as there are with none (429,000). Without counting pocket transistor-sets, about 40% of Canadian radio households (1,860,000) have more than one set and, while only 192,000 households have no radio set at all, some 268,000 have more than four sets each. Around 860,000 households (18%) included above have FM (frequency modulation) receivers.

Table 3.1—CANADIAN HOUSEHOLDS WITH TELEVISION, RADIO,  
AND CAR-RADIO SETS  
(estimates in thousands)

	Total Households	Tele-		Radio		TV and Radio		Car- Radio	
	No.	No.	%	No.	%	No.	%	No.	%
Newfoundland ....	94	58	62	88	94	55	59	39	42
Prince Edward Island .....	24	19	79	22	91	18	75	15	62
Nova Scotia .....	178	158	90	166	93	149	85	103	58
New Brunswick ..	136	123	90	128	94	117	86	90	66
Quebec .....	1,257	1,189	95	1,207	96	1,149	91	733	58
Ontario .....	1,726	1,624	94	1,654	96	1,562	90	1,116	65
Manitoba .....	244	214	88	238	98	210	86	157	64
Saskatchewan ....	246	201	82	238	97	198	80	159	65
Alberta .....	371	314	85	359	97	308	83	237	64
British Columbia	481	428	89	465	97	416	87	298	62
CANADA .....	4,757	4,328	91	4,565	96	4,182	88	2,947	62

### *The Cost of Receivers\**

The fact that the cost of the national broadcasting system itself is only a fraction of total expenditures on broadcasting in Canada is often overlooked. Without the equipment to receive the signals, all broadcasting would be a useless exercise.

If a nominal value of \$100 is put on each of the estimated 5 million television sets now in use in Canada, and \$25 on each of the 10 million or more radio sets, the total comes to something in the order of \$750 million. Thus it is clear that the total investment by the public in receivers greatly exceeds the total depreciated value, estimated at \$100 million, of the broadcasting facilities of both the CBC and the private television and radio stations combined.

\*Much of the material in this section is derived from 'The Costs of Canadian Broadcasting'—Graham Spry—Queen's Quarterly, Winter 1961.

Some idea of the volume of trade in radio and television receivers is given by Table 3.2. It is interesting to note the slump in sales of radio sets in 1954 when sales of television sets were increasing sharply to their peak in 1955, and the vigorous recovery in subsequent years. In addition to sets manufactured in Canada, there is a substantial volume of imports, chiefly of portable transistor radio sets. Nearly 100,000 radio sets and 3,000 television sets were imported in 1965.

Table 3.2—SHIPMENTS OF RADIO AND TELEVISION SETS—  
1953-1962\*—Made in Canada—

Year	Radio Sets		Television Sets		Total Value
	Number	Value	Number	Value	
	\$000		\$000		\$000
1953 .....	737,452	28,021	391,974	81,304	109,325
1954 .....	487,620	16,509	611,206	105,682	122,191
1955 .....	621,957	19,176	806,253	130,497	149,673
1956 .....	740,656	23,877	613,895	94,506	118,383
1957 .....	732,827	25,642	434,504	68,012	93,654
1958 .....	745,318	25,510	432,318	67,669	93,179
1959 .....	713,309	24,485	402,348	64,524	89,009
1960 .....	648,938	24,487	342,488	53,726	78,213
1961 .....	588,545	27,725	345,815	57,381	85,106
1962 .....	708,315	37,424	427,167	70,023	107,447

\*Canadian Statistical Review—DBS.

During these ten years covering the greatest expansion of television service, in which sales of television sets made in Canada totalled over 4.8 million, it is remarkable that more than 6.7 million Canadian-made radio sets were sold. Only in 1954 and 1955 were fewer radio sets sold than television sets. The total value of these sales of radio and television sets exceeded \$1 billion in the ten-year period.

It has been estimated that the cost of operating a radio set amounts to about \$12 a year for depreciation, repairs, and electric current, or a total of around \$120 million for the estimated 10 million radio sets in use in Canada today. For a television set, the operating cost is very

much higher and has been estimated at \$60 a year; with 5 million sets in use, the total operating cost is therefore in the order of \$300 million a year for all television homes in Canada. In addition, some 300,000 households pay, on the average, around \$70 a year for community-antenna television service (CATV), for a total of \$21 million a year. Thus it costs the public something in the order of \$440 million a year to receive broadcast programs, as compared with a total cost, for the CBC and the private sector, of just over \$200 million a year for the provision of broadcast service.

#### TELEVISION AND RADIO TRANSMITTERS\*

In April 1965 there were 665 transmitters in operation broadcasting television and radio programs to most of Canada and a large number of countries overseas. Of these, some 396 were stations that originate programs and the rest were unmanned relay stations. The CBC owned and operated 16 television stations with 28 relays, 31 AM stations with 129 relays, 5 FM radio stations, and 5 shortwave radio transmitters. The private sector of the national broadcasting system owned and operated 59 television stations with 110 relays, 231 AM radio stations with 2 relays, and 49 FM radio stations.

Most of the CBC stations are connected with a number of private stations to form the national English and French television and radio networks. Some of these private stations are known as basic affiliates, which are required to carry the whole of the network service; others are supplementary affiliates, required to carry only a part. Some CBC stations in several parts of the country are also connected up, for certain parts of the broadcast day, to form regional or local networks. Of the 5 CBC FM-radio stations, 3 are linked in a network at certain times, and some programs are shared through the exchange of tapes.

There is one private network—CTV Television Network Ltd—broadcasting in English. An application for the establishment of a private French-language television network was approved by the BBG, but the applicant has not yet gone any further with the project. There are no private radio networks, either English or French, but temporary hook-ups are occasionally arranged for special purposes and there is a limited volume of program exchange between individual private radio

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\*Source for numbers of stations—CBC Fact Sheet, April 1st (updated June) 1965.

stations. The numbers and linkage of television and AM radio stations that originate programs are shown in Table 3.3.

There is much variety in the size and profitability of private stations. The largest serve the principal metropolitan areas which, with their heavily populated suburbs and outlying sections, afford highly profitable markets, particularly in Montreal and Toronto. The smallest, serving small rural or remote areas, are less fortunately placed, but many of them are profitable nonetheless. Television stations range in power generally from 325KW down to 5 watt for a small rebroadcasting or relay station, and AM radio stations from 50KW down to 20 watt.

*Table 3.3—TELEVISION AND AM RADIO STATIONS IN CANADA  
(originating programs)*

		Television			Radio		
		English	French	All	English	French	All
All stations		59	16	75	203	59	262
National Networks	CBC Stations	11	5	16	25	6	31
	CBC Affiliates	36	8	44	55	29	84
	Total	47	13	60	80	35	115
Private Sector	CBC Affiliates	36	8	44	55	29	84
	CTV Affiliates	11	—	11	—	—	—
	Unaffiliated	1	3	4	123	24	147
	Total	48	11	59	178	53	231

### COVERAGE

Total broadcasting facilities in Canada, if not extravagant, are certainly adequate by comparative international standards. Probably no country in the world, other than the United States, has more television and radio broadcasting stations in relation to its total population. As we have said, 94% of Canadians are within range of television and 98% within range of radio signals. But a closer analysis reveals some disconcerting flaws in this total picture.

The 1961 population census categorizes Canadians as English-speaking, French-speaking, and bilingual. The breakdown we have used ob-

scures the fluctuating numbers of people who understand neither English nor French, but they are not significant in relation to the totals except in the Northwest Territories, where Eskimos who speak only their own languages account for around 30% of the total population. Table 3.4 shows the coverage afforded by the CBC national networks for those who speak only English or who are bilingual, and for those who speak only French or are bilingual.

Table 3.4—POPULATION AND NATIONAL NETWORK COVERAGE

	Population—1961 Census (nearest thousands)				National Network Coverage (percentages)			
	Total	English Only	Bilin- gual	French Only	English + Bilingual		French + Bilingual	
					TV	Radio	TV	Radio
	(000)	(000 )	(000)	(000)	%	%	%	%
Newfoundland.....	458	452	4	2	71	88	—	1
Prince Edward Island....	105	96	7	2	90	100	—	86
Nova Scotia.....	737	686	44	7	96	99	11	30
New Brunswick.....	598	372	112	114	97	94	86	90
Quebec.....	5,259	665	1,283	3,311	87	95	98	99
Ontario.....	6,236	5,647	395	194	98	99	54	80
Manitoba.....	922	846	48	28	91	99	79	87
Saskatchewan.....	925	879	29	17	81	100	—	74
Alberta.....	1,332	1,269	42	21	88	100	—	61
British Columbia.....	1,629	1,569	41	19	90	96	—	—
Yukon Territory.....	15	14	1	—	—	78	—	—
*North West Territories	23	14	1	1	—	60	—	—
<b>*CANADA.....</b>	<b>18,239</b>	<b>12,509</b>	<b>2,007</b>	<b>3,716</b>	<b>92</b>	<b>98</b>	<b>89</b>	<b>94</b>

SOURCES: Population—DBS—1961 Census. Coverage—CBC Statistics—January 1965.

NOTE: \* Total population for Northwest Territories and Canada includes an estimated 7,000 Eskimos who speak neither English nor French.

It will be seen that there are some remarkable gaps in the national network coverage, while overall percentages conceal the worst deviations from the national average. English television coverage for the English-speaking people of Quebec is well below the national level, but French television coverage for the French-speaking people of Ontario is very much lower. The French-speaking people of Nova Scotia are

poorly served, and it is regrettable, to say the least, that it has not yet been deemed feasible or necessary to extend French radio network service to British Columbia or French television network service farther west than Manitoba. Nonetheless, except for some notably bad spots, on balance there is no real evidence that the ordinary Canadian in the more heavily populated parts of the country, whether his first language is English or French, is getting less than a fair deal.

### *Alternative Television Coverage*

It is believed that virtually all of the more than 4.3 million television homes in Canada can receive the programs of one CBC national network or the other, either directly from CBC stations or from affiliated private stations. In addition, there are the 11 stations of the CTV network which cover, it is estimated, some 71% of all television households. Alternative service is also increasingly being provided by the rapidly developing community-antenna systems, which transmit programs to subscribers by landline.

The CTV and unaffiliated private stations are mostly located in the larger metropolitan areas, many of which are within easy range of stations in the United States primarily serving their own cities. Other stations south of the border have been souped up out of all proportion to their direct local needs so as to aim American programming with Canadian advertising at large Canadian markets. It is estimated that some 54% of Canadian television homes can receive broadcasts from television stations in the United States. The proportion is highest in British Columbia (84%), but is also substantial in Ontario (77%), Manitoba (68%), and Quebec (50%).

Available statistics are insufficiently complete to be precise in estimating television coverage. But, taking all the known factors into account, it seems reasonable to assume that 75-80% of Canadian television homes today have a choice of one or more alternative services to that provided directly or indirectly by the CBC.

### EXTENSION OF COVERAGE

Taking the whole picture of television and radio coverage in Canada into reasonable perspective, it is clearly hard to justify capital expenditures for such purposes as providing more choice of alternative program-

ming, or of giving direct coverage from CBC stations to people who are already receiving the network service through affiliates. The rate of obsolescence is high as technological developments advance, and the physical plant of the public service must be kept up to date and in good shape; this factor is taken fully into account in our proposals for financial provision for the CBC during the next five years.

As we have seen, however, there are still pockets of Canadians who have no service at all. Many of them are scattered in small and isolated communities all across the country which can be given service only at a much higher *per capita* cost than the more settled parts of Canada. But their very remoteness and isolation in themselves lend added importance and value to broadcasting service. The negligible commercial potential is unlikely to attract private enterprise, and if they are to be served at all, it will have to be at public cost.

In equally sad case are the many Canadians who can switch on the television or radio but are unable to understand what is going on because they have no service in the only language—French or English—that they can readily understand. Clearly, in planning extensions of coverage, they should be treated exactly the same as those who have no service at all. It may never become possible to ensure broadcasting services to every last Canadian household but, within reasonable limits of cost, this should be the aim.

To fill these gaps, the present policy of the CBC is to regard any community of 2,000 or more as eligible for television service, and of 500 or more for radio. Priorities on the eligible lists are determined by a number of factors, the most important being the lower cost of providing the service in relation to the numbers to be served. The CBC states\* that “the basic aim of the Corporation is to treat the language and geographical segments of the country as equitably as possible while keeping in mind the special needs of some areas. Where a departure from the cost-per-capita priority list is proposed, the special factors involved are carefully examined by the CBC Board of Directors prior to decision. This applies particularly to ‘frontier areas’ where the cost-per-capita may be higher than the working level but where the need for service is extreme.”

This vaguely worded but otherwise unexceptionable statement of policy does not, however, include the principal plans for extension of

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\*‘General Coverage Policy’—CBC, October 1964.

CBC coverage, which are discussed later in this chapter. But plans based on the formula described above include the following projects:

<i>Projects</i>	<i>No.</i>	<i>Estimated Capital Cost</i>	<i>Estimated Annual Operating</i>	<i>Population Coverage</i>
		(000)	(000)	(000)
Television—				
French .....	12	\$ 4,500	\$1,000	110
Bilingual .....	2	500	200	10
English .....	35	10,000	2,500	380
Radio—				
French .....	39	200	285	85
English .....	58	300	330	130
Total .....	146	\$15,500	\$4,315	715

At the present time, television rebroadcasting stations are being added at a rate of about 5 a year. This rate could perhaps be doubled, but a practical limit is imposed by the fact that the equipment for each station must be individually designed and made to order. In extending radio coverage this difficulty is not met, for the low-power relay transmitters that are being added at a rate of about 10 a year are of a standard type which can be ordered in quantity.

We are informed by the CBC that the planning list of radio projects, from which we derived the figures quoted above, includes only locations that can be served adequately by low-power relay transmitters. Some other locations that need stations of higher power are included in the CBC five-year forecast of capital requirements. The forecast also includes an item of \$1 million for "other locations to be determined". We have been given a list of examples, which includes French stations in Vancouver and Victoria, B.C.; if either of them should be lucky in the draw, it will be the first time that broadcasting in French has succeeded in surmounting the Rockies.

We are satisfied that in any plan for the extension of CBC television and radio coverage, absolute priority must be given, subject to some ultimate limits of cost, to providing broadcasting service to those Canadians who pay for it but do not get it, or get it in a language that they cannot readily understand. Full provision is made in our financial recommendations for all extensions of this kind that are included in the CBC five-year forecast. But we are not altogether happy about the rate of progress.

We accordingly asked the CBC to prepare an estimate of what it would cost to establish coverage in English and French for both television and radio right across Canada on the formula now in use. The estimate was prepared hurriedly and at short notice; it entails a good deal of guessing at imponderables and is subject to important qualifications, while the technical limitations have not been closely examined. Subject to all these assumptions and qualifications, it appears that the minimum cost of such an undertaking, if indeed it were feasible, might be of the following order:

	<i>Capital Cost</i>	<i>Annual Operating Cost</i>
<i>Television</i>		(\$ million)
English .....	\$21.5	\$2.75
French .....	16	2
Total .....	<hr/> \$37.5	<hr/> \$4.75
<i>Radio</i>		
English .....	3.25	0.8
French .....	3.5	0.7
Total .....	<hr/> 6.75	<hr/> 1.5
Grand total .....	<hr/> \$44.25	<hr/> \$6.25

The financial provision we have made, to maintain the present average rate of expansion by 5 television and 10 radio stations a year, will cover almost exactly half of the above estimates, both for capital and annual operating cost. There is a fair amount of flexibility in the financial plan that we propose—enough, we think, to cover a fair degree of acceleration of these planned extensions, to which serious consideration should be given.

#### *A Completely Bilingual National Service*

The coverage plans so far discussed do not deal with the question of providing fully bilingual broadcasting services throughout Canada. They seek to give programs in French to groups of Canadians whose mother-tongue is French and, similarly, programs in English to English-speaking people located in predominantly French-speaking areas. These coverage plans do not provide for developing a program service in French to English-speaking areas, or in English to French-speaking areas.

We have already stressed, in the previous chapter, the particular responsibility of all broadcasters, public and private, to contribute to the cultural and bilingual development of Canada, and have remarked on their serious failure to discharge this vital responsibility adequately in the past. This task goes far beyond the provision of physical facilities: it involves important questions of program policy, joint planning and interchange of programs between the English and French networks, and greater coordination of the CBC into a more unified public system. It also involves earnest efforts by the private broadcasters, not just lip-service, to contribute more effectively to this important national objective.

The scope of our inquiry has not qualified us to express an opinion either on the feasibility of implementing a plan of this kind, or on its value as an instrument for promoting a more closely textured national structure than we have today. The cost would certainly be high. The CBC estimate for total coverage on the present formula could no doubt be refined and expanded into a plan sufficiently precise to disclose any absolute limitations and furnish a more accurate forecast of the eventual cost. With this information, the Royal Commission on Bilingualism and Biculturalism would be able to weigh the projected expenditures against the prospective advantages, and advise the Government accordingly.

## CONCLUSIONS

The current CBC five-year forecast of capital and operating requirements includes provision for a very substantial extension of coverage that does not commend itself to us. We quote here from a document entitled 'General Coverage Policy—October, 1964':

"In television, in AM radio and in FM radio, the long range goal of the Corporation as the national service has been to eventually provide all Canadians with CBC program services in full. This can only be achieved through developing full national coverage by CBC-owned stations. Attainment of this goal is subject to the availability of public funds for the purpose plus consideration of factors affecting established private stations affiliated with the Corporation....

Coupled with this is the fact that most Canadians want alternative program services made available in the broadcast media. Keeping in mind the marked dissimilarity between much of the service on CBC-owned stations as compared with privately-owned stations, and the marked degree of similarity between the programs of privately-owned stations, the CBC believes that the combination of a CBC-owned and a privately-owned station provides a more truly alternative service than can a combination of private stations only.

A less tangible but most important factor is the need for a CBC "presence" in all parts of the country. This need stems from the national requirement that

the CBC program service be a two-way channel—bringing entertainment, ideas and information *in*, sending information, ideas and entertainment *out*. Only in this way can the CBC truly reflect Canada to Canadians and thus serve our people as a unifying agent. While much remains to be done in this field, it is nonetheless essential that we continue the development of CBC facilities to this end. Because it is not possible to get an appreciable number of high caliber entertainment programs from the smaller centres, the CBC intends to continue its emphasis on developing the emanation of information and ideas from these areas.

Consequently, in the light of the three foregoing factors:

- (1) the need to bring the complete CBC service to all Canadians,
- (2) the desire of the public for truly alternative service, and
- (3) the need for a CBC "presence" across the country as an essential factor in developing Canadian unity,

the CBC believes it is in the best public interest to follow a policy under which its program services will ultimately be broadcast in full and to all Canadians through CBC-owned facilities."

It is not surprising that those who have only one television channel available should be eager to have a choice of programs. No service can interest and satisfy all the people all the time. The question is not the desirability of a choice of programs but how should it be done and by whom. Should it be a rapid expansion of the public system at public cost? Or should choice be provided, perhaps more slowly, by expansion of private stations where they are thought to be commercially feasible? The answer must be related to the extent to which priority should be given to the expenditure of public money to provide alternative television service ahead of the satisfaction of other broadcasting needs.

The role of the CBC in Canadian broadcasting is essential and paramount. While the private stations have greater responsibilities for contributing to the national purpose than they have ever recognized or discharged, the CBC as the public agency for broadcasting has the larger and primary responsibility for achieving the national purpose of greater unity, understanding, and communication between all Canadians.

It is sometimes stated that the CBC should provide 'a complete program service to the Canadian people'. We agree with this statement in the sense that the national program service should be as complete as possible in providing a balanced range of programs, including news, public affairs, drama, music, sports, information, variety, and some other categories. But we do *not* subscribe to the view that the CBC can, or should attempt to, provide a service that is complete in the sense that it should fill the entire day and night with CBC programs and transmit them directly to all Canadians by its own stations.

There should be a central core—a basic package—known as the National Program Service—to reflect the national purpose of the public

broadcasting system. For this service, the CBC should produce its own programs of a varied and excellent kind, basically Canadian in content and character. With these it should combine the best available programs from the United States, Britain, France, and other countries, to make up a balanced package of information, education, enlightenment, and entertainment for all Canadians. The total package need not fill the full broadcast day; nor need it go out entirely over the CBC's own stations. To provide the National Program Service, as we conceive it, the CBC needs three things.

First, it must have a basic number of stations that it owns and operates. To be an effective broadcasting agency, the CBC must have continuing experience in actual broadcasting and maintain direct contact with the viewing and listening public. If the CBC were ever to become a mere producer of programs available for transmission over stations controlled and operated by others, it would lose contact with the needs and tastes of the Canadian people, and its programs would soon lose the character of a vital national service. The CBC now owns 16 television stations and 36 AM and FM radio stations. These, we believe, are quite sufficient to give it experience and direct participation in actual broadcasting.

Second, the CBC must have facilities for the production of Canadian programs for the National Service. Necessarily, most of them will be produced in centres where artists, writers, musicians, actors, dancers, and other creative people have developed culturally active societies. In fact, Montreal and Toronto have become the main centres of program production for the French and English networks, and, because of the availability of talent in those cities, will so continue. It is, however, a function of the CBC to bring programs reflecting the skills, attitudes and differences of other Canadian regions to all Canadians; for this purpose it needs to have smaller but adequate production facilities in other large cities. It now has facilities for program production in Vancouver, Edmonton, Winnipeg, Ottawa, Quebec City, Halifax, and St John's; these centres have increasingly been producing programs for distribution on CBC networks across Canada, but we do not believe that their capacity for producing high-class programs is anywhere near being fully utilized. We think present CBC production facilities, subject to modernization, are basically adequate for the programs required for the National Service.

Third, the CBC must have means to distribute the National Program Service across Canada. The system of distributing the National Service

partly through private affiliates is traditional; it goes back to the earliest days of organized broadcasting in Canada. By this method, the National Program Service is made available to just about every Canadian home with a television set. It is physically impossible, for sheer lack of available channels and apart altogether from cost considerations, to develop additional CBC-owned stations to reach all Canadians. To provide sign-on to sign-off CBC programs for all of Canada would require expropriation of private affiliates and their conversion into CBC stations, a course we neither favour nor recommend.

The private stations affiliated with the CBC were granted their licences on the condition that they would carry the national service; the means of extending coverage to reach the entire country is thus available through the combined coverage of CBC stations and private stations affiliated to the national networks. In certain areas there are unused channels which could, it is true, be made available for CBC stations. At present the essential National Service is being provided in these areas by private affiliated stations. If CBC stations were operating in these centres, the public would get only the same National Service with some added CBC programming. The cost of establishing a station and operating it is substantial. The present affiliate would have to be disaffiliated from the CBC network and might join the private network. If this were done extensively, direct CBC coverage would increase at heavy cost, but would still not provide a completely self-contained public coverage across Canada. It would still be necessary to distribute the National Service through *some* affiliated private stations.

It is extremely important that Government policy should clearly determine the physical structure of the CBC system for at least the next five years. This is an essential first step. Upon this decision a great many others depend. It will, for one thing, largely determine the licensing of new stations and permit licensing procedures to be greatly simplified. For the CBC, it will permit more accurate forward estimates of capital and operating costs, and the provision of assured long-term financing, which we believe to be essential for the efficient administration of the public system. It will serve to divert senior officers of the CBC from preoccupation with the physical aspects of broadcasting to a more lively concern with program content.

Within the total Canadian system the CBC has, in our view, reached physical maturity. It has enough of its own stations to provide extensive and diverse experience in actual broadcasting techniques. It has sufficient production facilities, both at the main production centres in

Toronto and Montreal and elsewhere, to produce a National Program Service. It can transmit this service to more than 90% of Canadian homes through its own stations and its private affiliates. To ensure satisfactory distribution of the National Service some minor changes in the arrangements with the affiliates may be necessary. But there is no valid reason for further expansion of CBC production and transmission facilities. Any additional public money provided to the CBC would be much better spent on improvement of its programming.

We recommend, therefore, that the CBC station structure (apart from extension of service to areas that now have none, and to Canadians who have no service in their first language, whether English or French) should be frozen in its present state for at least the next five years. CBC should *not* receive additional licences to establish alternative television services throughout Canada. Reservations which the CBC now holds on television channels in several locations should be dropped.

Admittedly, if this recommendation is accepted, the total Canadian broadcasting system will grow more slowly than it would if CBC facilities were expanded at the public expense. This, we think, is all to the good, for Canada already has adequate and even lavish facilities. Admittedly also, alternative television service in some areas will not be provided as rapidly as some may hope. Whatever unused channels are available can be granted to private operators prepared to risk the investment and provide an acceptable standard of service. In those cases, instead of a CBC station and a private station, the community will have a CBC private affiliate and a second private station. In either case the community will be able to receive the CBC National Service and a private service. If the community is unable to attract and support a second station, it should wait until it can do so.

Public money should not be devoted to the deliberate creation of alternative television services across Canada. Its justifiable use should be restricted to providing a single National Service of high quality and variety to all Canadians. The questions may be asked: 'Are we thus freezing the CBC in a physical mold that we shall later regret? If all new alternative television licences in the next five years go to private operators, shall we want them later for the CBC? In the far future, may we want a second public service, as the British have, for which these channels will be needed?' The answer appears to be that, considering the physical size and scattered population of Canada, and the many more desirable but expensive activities that the CBC should undertake, there is no practical basis for a second public television network within the

foreseeable future. If, in the very long-range future, Canada should wish to have, and be able to afford, alternative public television service, the possibility is not excluded. Canada could do as Britain has done, and create a second public service using the UHF band. This we regard as a remote possibility.

Our recommendation for limiting the physical structure of the CBC for at least the next five years should probably not be included in the revised Broadcasting Act. But it does require a clear statement of Government policy, presumably in the White Paper that we have suggested should be tabled for consideration and debate by Parliament. This should be the starting point for decisions on licensing procedures, financial arrangements for the CBC, and various other matters. The physical make-up of the CBC is certainly fundamental to a number of important recommendations in this report.

### RECOMMENDATIONS

Our views on the extension of existing CBC facilities are conditioned by the consideration that a mature physical plant exists, and that it is time for both private and public broadcasters to concentrate their attention and resources on improving the quality, variety, and Canadian content of programs. Therefore, during the next five years, a firm degree of restraint should be applied to the licensing of new stations, public or private, taking the real need for broadcasting service, radio or television, into account.

The urgent need, which should be given the highest priority in planning the future coverage of the Canadian broadcasting system as a whole, is the extension of service to those parts of Canada that now have none, and to all English-speaking and French-speaking Canadians who have no service in their own first language. This is the criterion that should be applied to licence applications for new private stations, and no new CBC stations should be established during the next five years unless a need exists as defined by the formula presently in use. The reservations now held by the CBC for certain television channels in centres that already have adequate service from affiliated and other private stations should therefore be given up.

We believe that, for the next five years at least, the formula now being used by the CBC to determine the eligibility of communities for television service (2,000) or radio service (500), either in English or French or both, is sound. However, we are not satisfied with the planned

rate of expansion to meet the needs disclosed by the formula; we think that, given the necessary approval and financial provision, it could and should be accelerated; and we believe that there is enough flexibility in the total financial provision we propose to permit a substantial degree of acceleration within the limits imposed by the availability of design staff and equipment.

*We recommend:*

1. That, during the next five years, no new CBC stations should be opened in centres that now have service as determined by the formula presently used for eligibility.
2. That consideration be given to the feasibility of accelerating the rate of progress now planned by the CBC for extending coverage, both radio and television in English and French, to centres eligible for public service under the formula.
3. That a firm degree of restraint should be applied to the licensing of new private stations.

## PART II

### PUBLIC CONTROL



# 4

## RELATIONS WITH PARLIAMENT AND THE GOVERNMENT

*Autonomy does not mean less public accountability. On the contrary, it means more. But it is accountability not for method, procedure, or individual action but for result.*

J. K. Galbraith (Economic Development in Perspective)

The relationship between Parliament, the Government, and the Canadian broadcasting system is a central and crucial issue in this inquiry. Unless this relationship is well established and clearly understood, there is little hope of maintaining a sound and efficient broadcasting system. The question goes far beyond the specific item in our terms of reference instructing us to inquire into "the relationship between the government and the CBC insofar as the administration and the financing of the corporation is concerned". These specific questions can be easily and briefly answered. But the broader issue is more fundamental and more complex. It concerns not only the relations between Parliament, the Government, and the CBC, but includes also relations with the privately owned sector and with the agency or agencies established for the control and administration of broadcasting in Canada. Indeed, the principles to be applied to the relations of the Government and Parliament with the broadcasting system may generally apply to any agency established to administer, direct, and control a declared public policy in the interests of the Canadian people.

For over thirty years, Royal Commissions, parliamentary committees and other forms of public and private inquiry have been unanimous in deciding that Canadian broadcasting should not be a purely com-

mercial system. We are convinced that this decision is sound and right. It is based on the negative conviction that we cannot have a broadcasting system that is distinctively Canadian if it is dependent only on advertising revenues from the sparse and scattered Canadian market. Without public support, direction, and control, Canadian radio and television stations would quickly become no more than scattered outposts of American networks. This would be the inescapable result of North American geography.

The decision is even more soundly based on the conviction that radio frequencies and television channels are rare and valuable national assets, and their use should be devoted to the national interest. Everyone recognizes that these are powerful media of communication, which profoundly influence our society and all its individual members; individual behaviour, group behaviour, inter-personal relations, inter-group relations, and family life are all affected. We have accepted the fact, and no one in our inquiry questioned it, that the State should not merely allocate the radio frequencies and television channels assigned for Canadian use by international agreements, but should go further and see to their proper and effective use by all licensees, whether public or private.

Having decided in Canada that the use of the airwaves should be controlled, and that increasingly large sums of public money should be devoted to the support of broadcasting, it was necessary to devise machinery to exercise control in the public interest and to administer the money voted. The constitutional jurisdiction over broadcasting clearly rests with the federal Parliament, but there is literally no way for 265 Members of Parliament to run or supervise a broadcasting system. Public business can be conducted by a government department, which means that it is under the direction and control of a minister and his departmental officials. This administrative method has always been rejected for broadcasting, for the obvious reason that these powerful media of communication should not be exposed to the danger of partisan political interference or the suspicion of it. All Canadian political parties, whether in or out of office, have accepted as an article of faith that there must be no political interference with the broadcasting system.

Accordingly, the method chosen by Parliament has been to create one or more independent agencies to control, supervise, and direct the Canadian broadcasting system on behalf of Parliament. The task has been delegated to one or several boards or agencies or corporations.

The intent to delegate has been clear enough, but the statutory provisions have been remarkably unclear in defining the continuing rela-

tionship between the agencies of control and Parliament. On the one hand it is asserted that the agencies are to be independent. On the other hand they are described as being responsible to Parliament. The statutes fail to give answers to the questions: for *what* are the agencies responsible, and *how* are they to be responsible to Parliament?

This vagueness in dealing with the basic relationship between Parliament and the broadcasting agencies is well illustrated in the report of the Royal Commission in 1957. That report examined, in some detail, the necessity of keeping broadcasting free from political interference, and recommended that control over broadcasting should be delegated by Parliament to an independent board. It then stated that the board should be "responsible to Parliament" without defining the form and extent of that responsibility, except for a general suggestion that the broadcasting board should be left to exercise whatever detailed supervision was needed.

Not unnaturally, the Broadcasting Act of 1958 which followed the report was silent as to the relationship between Parliament and the broadcasting agencies. It did not define clearly and in detail what Parliament expected from the broadcasting agencies, and what it was prepared to support. In short, it did not specify the goals for the broadcasting system and provide for their attainment.

Naturally also, the general assumption that Parliament is responsible for the broadcasting system (without the nature of its responsibility being defined) has led to an endless series of questions in the House of Commons asking about details of administration and programs. Scarcely a week passes when there are not questions about the numbers of people employed by the CBC in some activity, the cost of a particular program, or the unsuitability of a particular television or radio show. The answers given by the designated minister are invariably the same; he points out that the Government will not interfere in broadcasting matters, but that he will enquire of the CBC and make a report. This is not only wasteful of parliamentary time and energy; it is a remarkably inefficient way to control a broadcasting system. Random questions about specific matters of administration or programs can only cover items that happen to come to the attention of individual Members of Parliament, but they provide no overall assessment of administrative efficiency or program balance. Because public money goes to the CBC, questions in Parliament are almost entirely directed toward the particular activities of the CBC, and virtually no parliamentary attention is given to the equally large and im-

portant activities of the private broadcasters, who are an essential part of the Canadian broadcasting system.

There are, no doubt, particular factors applicable to broadcasting which make democratic control over it more difficult. Everyone appreciates the danger that what is today legitimate and proper control over the broadcasting system may tomorrow become interference and direction for improper partisan reasons. Everyone recognizes the importance of keeping these powerful media of communication independent of political interference. However, we suspect that these particular considerations applicable to the control of broadcasting are ultimately less important than the basic problems of exercising a measure of democratic control over any public enterprise in a parliamentary democracy.

As J. K. Galbraith points out in a recent essay\*, any modern productive activity requiring a complex blending of skills and talents must be entrusted to a corporative type of agency. This occurs in all systems, whether capitalist, socialist or communist. Indeed he suggests that, while research into the nature of the economic system in the hereafter is inadequate, the probability is that the manufacture of harps and provision for paving the streets with gold will be found to have been entrusted to some kind of corporation. The reason is that the corporate form of organization to conduct a complex productive activity is the only way yet discovered to combine commonly available talent to do what the isolated individual could not possibly accomplish.

However, the corporate form imposes certain limitations on the extent of outside intervention, if its efficiency is not to be impaired. The complex process of production requires a blending of different skills and their coordination for the achievement of corporate goals. The timing of different steps in the productive process is important, and delay in one step has a cumulative effect elsewhere. For efficient production of either tangible goods or an intangible product such as a radio or television program, a bad decision made on time will usually be less costly than a good decision made too late; the former can often be corrected at low cost, but the time lost waiting for a good decision can never be regained. If outside intervention requires a review of operating or administrative decisions, it is certain to cause delay and damage to the productive process, and it does not greatly matter whether the intervention is well or ill intentioned. The producers must be left to produce, and they cannot do so efficiently if they have one eye fixed on the corporate goals and the other on parliamentary approval. The basis

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\* J. K. Galbraith—*Economic Development in Perspective* (1962)

of corporate production is that many people, with different duties and varied skills, must all be committed to definite and common goals.

It is for Parliament to define the goals of the public enterprise and to ensure that the goals assigned to a public agency are achieved. It is not, we believe, possible for Parliament to supervise the details of the productive process or its administration without damaging the performance that Parliament itself has stipulated.

Specifically, for the control of a public broadcasting system—and in this context, we regard the public control of the privately owned broadcasters and that of the publicly owned agency as equally important—the first task of Parliament is to set the goals. It must say clearly what it wants the broadcasters to do. In the past, Parliament has not stated the goals and purposes for the Canadian broadcasting system with sufficient clarity and precision, and this has been more responsible than anything else for the confusion in the system and the continuing dissatisfaction which has led to an endless series of investigations of it.

It is doubtful whether broadcasting in Canada can survive many more investigations by Royal Commissions, advisory committees, and parliamentary committees. We are acutely conscious of the burden our inquiry has placed in the past year on Canadian broadcasters—especially on the senior officers of the CBC. It has undoubtedly deflected their attention from their primary tasks of administering the broadcasting agencies, maintaining informed relations with Parliament and the public, and their essential job of producing good radio and television programs. However, it can be said with truth that, in our system, agencies of government tend to be investigated because they are felt to need investigation, and a multiplicity of inquiries is more an effect than a cause of difficulty. Our inquiry, and others that preceded it, were made necessary by basic flaws in the system or by the belief that they existed. If these can now be corrected or clarified by appropriate legislation and declarations of parliamentary intent, the need for further investigations of Canadian broadcasting should not arise for several years, and the broadcasters can be left free to get on with their proper business.

We shall propose in later chapters a definition by Parliament of both the CBC mandate and a declaration of the public responsibilities of private broadcasters. With such a definition of Canadian broadcasting goals, the delegation of responsibility to the broadcasting agencies for supervision and administration must be virtually complete and absolute. Their autonomy must include the right to hire and fire necessary personnel with different and changing skills. It should extend to the

right, without intervention, to make mistakes of detailed performance and administration, for error in such details is often a small price to pay for speed and flexibility of decision.

To ensure a clear and complete delegation of administrative autonomy to the broadcasting agencies, we were tempted to recommend that they be given a ten or twelve-year charter, similar to those of the British Broadcasting Corporation and the Independent Television Authority. However, there may be reasons why such a freezing of the broadcasting system for a term of years would be inappropriate and undesirable. It may be impossible, for such a rapidly changing enterprise, to say today whether the term of the charter should be seven years, or ten years, or twelve years; there could be radical technical developments that would call for an earlier revision of the Canadian broadcasting structure. If such a charter system commends itself to Parliament, we would have no serious objections to it, but it may not be necessary.

What we think is necessary is that the goals for the Canadian broadcasting system should be clearly set in the Broadcasting Act to the fullest extent possible in a statute, and supplemented by an approved declaration of broadcasting policy in a White Paper. We believe both are necessary; the mandates for both public and private broadcasters should be set forth in the statute, but some aspects of broadcasting policy cannot conveniently be put in statutory form. For example, parliamentary approval for the extension of CBC physical coverage, and declared objectives as to program content for both public and private broadcasters, cannot readily be spelt out in sections of the Broadcasting Act. For these and other aspects of broadcasting policy, there should be a White Paper to accompany the Government's legislative proposals, and to be debated when the implementation of this report is being considered.

If our views as to the appropriate relationship between Parliament and the broadcasting system are accepted—namely that Parliament should set the goals clearly and precisely and delegate to public agencies the task of achieving those goals—it follows that Parliament should not thereafter be concerned with the details of administration and programming. Questions of detail would be better directed to the agency, rather than asked in the House of Commons. Apart from theory, there are practical considerations favouring the adoption of this rule. To supervise a broadcasting system, one needs to look at more than a single program; it must be viewed in the light of the whole schedule and with regard for the differing tastes and interests of the Canadian

people. Broadcasting is a complicated, dynamic and constantly changing enterprise; it requires numerous day-to-day decisions on coverage, compliance with regulations, and program performance. By their nature, these matters are not capable of decision by Parliament, for they would require an inordinate amount of Parliament's already limited time. Nor are they capable of decision by the Government, for that would require detailed examination of complicated questions for which a minister or the Cabinet has no time, and which are peculiarly subject to political influences. In short, Parliament is an unsuitable and ineffectual instrument for the detailed supervision of artistic and cultural media, and if attempts to do so are brought to an end, it should provide a welcome relief for Parliament itself. There are, however, certain administrative matters with which the Government must concern itself from time to time; the more important of these are referred to in the relevant sections of this report.

This does not mean that Members of Parliament are not entitled to information on matters in which they have a particular interest. The practice in Britain, which might serve as a model to be followed in Canada, has been described in a press interview by Sir Hugh Carleton Greene, the Director-General of the BBC. He said:

"Any important complaint comes through to me automatically. I sometimes meet people who say: "Oh, you're in the BBC, are you? What's your job?" I've developed a stock answer to that: "I'm Head of the Complaints Department." I answer myself, for instance, every letter that comes from an MP. A lot of people tend to write to their MP's rather than to the BBC direct, and the MP's forward the letters from their constituents." \*

Having set clear goals for the broadcasting agencies and delegated to an autonomous agency responsibility for the detailed supervision and control of the broadcasting system, it only remains for Parliament to establish a procedure to ensure that the goals it has set are in fact being met. The delegation of responsibility to the broadcasting agency is not, of course, any permanent surrender of Parliament's jurisdiction. Parliament remains supreme and can at any time redefine the goals or revise the form and powers of the agency. Until it does so by appropriate legislation, the goals remain and the powers of the agency remain, but Parliament should hold the agency accountable for the attainment of the specified goals.

To do this, we suggest that the broadcasting agency should report annually to Parliament, in considerable detail, on all aspects of the broadcasting system—both for the private sector as well as the public

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\*The Sunday Times, March 7, 1965.

sector. This report might be considered each year by a standing committee on broadcasting in either the House of Commons or the Senate, or a joint committee of both houses. Hopefully, a continuing parliamentary committee would develop a group of parliamentarians with a growing interest in, and knowledge of, broadcasting problems, whose annual advice to the broadcasting agency would be of great value. In the next chapter, dealing with the duties and powers of the agency of control, we discuss in greater detail the form and content of the annual report it should make to Parliament. For the present, it is enough to emphasize that the purpose of this annual report and its review by Parliament is to hold the broadcasting agency to account for the results. It is to see whether the specified goals have been attained and if not, whether the reasons for failure are adequate. In its annual review of the performance of the broadcasting system, Parliament need not be greatly concerned about the details of past administration and programming, and indeed should be tolerant of errors of detail that are within the framework of success. It should be wholly intolerant of failure to achieve the specified goals by the agency of control or by the public and private broadcasters.

*We recommend:*

1. That Parliament should state firmly and clearly what it expects the broadcasting system to be and do; and should set explicit goals, for both the public and private sectors of Canadian broadcasting, in the Broadcasting Act and more fully in a White Paper on broadcasting policy.
2. That the administration, control and direction of the national broadcasting system, in accordance with the goals defined, should be delegated to an independent board or authority.
3. That the Authority should be annually held to account by Parliament for the achievement of the stipulated goals so that, if they are not being met, Parliament may decide whether to change the goals, or to change the powers or personnel of the Authority.
4. That neither the Government nor Parliament should be involved in the details of administration, finance, or programming, responsibility for which should be assigned to the Authority.

# 5

## THE AGENCY OF CONTROL

*Responsibility implies representation, efficiency expert knowledge; the two can scarcely be united in a single organ of government*

R. M. MacIver (*The Modern State*)

### CONTROL OF THE CANADIAN BROADCASTING SYSTEM

Whatever form of public control is applied to Canadian broadcasting, it must operate on the system as it exists today and as it may develop over the next few years. A brief description of the existing physical facilities for broadcasting in Canada was given in Chapter 1, and our recommendations for its future physical development appear in Chapter 3. To summarize briefly—all broadcasters operate under licences from the State to use television channels and radio frequencies allocated for Canadian use under international agreements. The grant of public assets to broadcasters distinguishes radio and television from other media of mass-communication and justifies the State in exercising control over the use made of these public assets.

The Canadian broadcasting system is composed of the public sector—the CBC—and the private sector—the so-called private broadcasters who own radio and television stations operated for profit, but receive the right to use public assets, are subject to public control, and have the responsibility to perform a public service. As they have developed, these two sectors are almost equal in the revenues they receive, and they employ in total about the same number of Canadians. Their structure is different, and neither is self-contained and separate; a large number of privately owned television and radio stations are affiliated

for certain purposes and for a substantial part of each broadcast day with the publicly owned CBC networks. We are satisfied that the development of a completely separate publicly owned system with full national coverage cannot be economically justified. For as long as this report will have any relevance, the CBC must continue to depend substantially on privately owned affiliated stations for the distribution of its network program services.

The Canadian broadcasting system, as it has been developed over the last thirty years, is one vast and expanding structure in which public and private broadcasters are inextricably mixed. All of them depend for their existence on licences to use public assets, and all share a common purpose—to inform, enlighten, and entertain the Canadian people and promote their national unity. A single national purpose should, if it is to be effectively and economically achieved, be subject to integrated direction and control. To accomplish this purpose, we are convinced that the entire national broadcasting system, public and private, should be placed under the direction and control of a single agency of government.

The long Canadian debate about the relative merits of a single and a dual broadcasting system may be only a fruitless exercise in semantics. The notion of a single system does not imply that all its elements are identical. In both public and private sectors of Canadian life, there are many examples of organizations having different parts or branches for which some unification or coordination of control is desirable and even necessary. A railway company may also operate telegraphs, hotels, trucks, and steamships, and no one thinks it strange that these several and different aspects of physical communications are subject to unified corporate control. In manufacturing, there are many instances of single company with separate branches dealing in quite different commodities, all of which are administered and coordinated by a common management and board of directors, so as to reconcile conflicts and effect the best overall results for the corporation as a whole.

Thus, the 1957 Royal Commission recommended that Canadian broadcasting, which has a single national purpose, should be under the control of a single board, but this recommendation was not implemented in the Broadcasting Act of 1958. Instead, two boards were created—one, the Board of Broadcast Governors, with broad objectives and purposes ("ensuring the continued existence and efficient operation of a national broadcasting system . . . (to) . . . regulate the . . . activities of public and private broadcasting stations in Canada and the

relationship between them and provide for the final determination of all matters in relation thereto"—the other, a Board of Directors for the CBC ("for the purpose of operating a national broadcasting service").

The Royal Commission warned of the danger that two boards involved in the regulation of broadcasting, appointed by the same Government and with similar membership, would lead to duplication of expense and effort, undesirable friction, and a loss of efficiency. These predictions have been borne out to some extent in the experience of the last six years. There have been several instances of serious conflict between the BBG and the Board of Directors of the CBC, of which the most notorious was the disagreement over the Grey Cup broadcast in 1962, but there have been others that were less public. It seems clear, however, that these conflicts would have been more frequent and more public had it not been for the forbearance of the Chairman of the BBG. This commendable desire to keep peace in a system fraught with potential discord may, on occasions, have resulted in an undesirable surrender by the BBG of its proper jurisdiction, and a less vigorous regulation of relations between public and private broadcasters than should have been exercised. In any case, it seems clear from the experience of recent years, that if there are two boards, each strongly led and dynamically directed, they are bound to come into frequent collision. These inevitable conflicts have to be settled and the only available arbiter of conflicting policies is the Government of the day. This immediately brings broadcasting problems into the political arena, exposing both the broadcasting system and the Government to charges of political interference.

However, the experience of the past six years indicates that a more serious defect of the two-board system is one that was not anticipated by the Royal Commission in 1957. It is that the two boards have tended to negate each other. Neither was looking at the broadcasting system as a whole. The BBG, wisely or unwisely, withdrew from responsibility for the CBC and confined itself mainly to licensing matters and some regulation of the private broadcasters. The board of directors of the CBC confined itself to the public sector and knew little or nothing about the other half of the system.

We do not believe it is possible to give adequate supervision and direction to the private sector without a detailed and intimate knowledge of what the other half of Canadian broadcasting is doing. Nor is it possible to give effective direction to the CBC without taking into account the activities, purposes, and problems of the private sector. Jurisdiction

of a mixed and interrelated system cannot be divided between two boards without each of them being stultified. A single national purpose will not be achieved by entrusting it to two separate agencies. If you have two cooks for a single broth, they will either disagree violently over the recipe, or each will add his own ingredients without relation to those added by the other, and the result will be a tasteless and unpalatable brew.

We recommend, therefore, that Parliament should delegate authority over all Canadian broadcasting to a single board or agency. We suggest that it be named the Canadian Broadcasting Authority (*Régie des Ondes*) to distinguish it from previous boards.

#### POWERS AND FUNCTIONS OF A CANADIAN BROADCASTING AUTHORITY

The proposed Canadian Broadcasting Authority (CBA) should, we recommend, be the agency to which Parliament delegates full powers and authority to regulate, supervise, control and develop the Canadian broadcasting system. Its powers should be clearly defined in the Broadcasting Act, for all of which it should be made responsible.

The basic job of the CBA is to develop a coordinated policy for the provision of broadcasting services to the Canadian people—to all the people, by all broadcasting stations publicly and privately owned. It should not be an operating agency. It should not itself produce programs. It should confine itself to laying down policy and seeing that its policy is implemented—by indication preferably, by enforcement if necessary—both by publicly owned and by privately owned broadcasting stations. A single authority entrusted with all aspects of Canadian broadcasting has many lesser tasks to do, but its main concern should be the quality, variety, and excellence of the radio and television programs that reach Canadian receiving sets.

We have already shown that the Canadian public has an investment in its broadcasting receivers far in excess of the investment of the broadcasters themselves. Canadians annually spend much more in maintaining their equipment to receive broadcasting signals than is spent in total by all broadcasters to provide programs for that equipment. We believe that the time has come to give less attention to the acquisition and maintenance of broadcasting equipment and more to the use that is made of it. In other words, it is the programs that are heard on radio sets, and seen and heard on television sets, that matter most.

The development of program policies by both public and private broadcasters should be the primary responsibility of the Canadian Broadcasting Authority. Obviously, the CBA should not, in determining program policy, become involved in the creation of particular programs or series of programs, or in the techniques of program production; these operational details must be left to the public and private broadcasters. But there is a need for broad direction as to the performance expected from the CBC and from private stations, and for coordination of the performance of both sectors to provide balanced, varied and excellent programming. Having defined program policies (which will not be the same for the private sector as for the public sector, and may not even be the same for all stations in either sector), the CBA should be responsible for ensuring that the policies are being carried out in practice by the broadcasters. It should receive performance reports at regular intervals from all broadcasting stations, and be equipped to examine these reports, able to call for explanations of deviations from the prescribed standards, and empowered to enforce compliance when necessary.

Secondly, in addition to its main task of direction and supervising program performance by all Canadian broadcasters, the CBA will have several other principal functions. It should be responsible for the licensing of broadcasting stations, and we make detailed suggestions about the licensing functions of the Authority in a later section of this chapter.

There is a need for greater knowledge of the social and human effects of broadcasting, which must be based on research. We know much too little about the impact of television and radio programs on the audience as a whole, and on particular groups. Until now, audience research has been largely confined to determining the number of sets tuned at a given time to a particular program—the so-called ratings system. This tells nothing about the intensity of attention given to a program or its continuing impact, and—even for the commercial purpose for which it is used—gives an incomplete picture of audience reaction. Some useful audience research has recently been done by the CBC, but it could be extended and made more generally available, certainly to the CBA and perhaps to the public. Similarly, participation by the CBA in international broadcasting agencies would keep it in touch with new technical developments and also with the social research being done in other countries, the volume of which is increasing. We do not envisage any need for CBA to build up a large research staff; much can be commissioned from private researchers and universities. But we

think that the CBA should be the focal point for broadcasting research in Canada, both for its own guidance in setting broadcasting policy, and for the information of the public.

Thirdly, the chairman and members of the proposed Canadian Broadcasting Authority should be responsible for explaining, defending and, where necessary, correcting defects in the whole broadcasting system. In the best sense of the phrase, it has an important public relations job to do. Public comment and criticism of broadcasting is inescapable, and if it did not come naturally we should have to take steps to promote it. A constant flow of comment from Members of Parliament, from interested groups, and from the public, is essential if broadcasting is to be responsive to Canadian needs and fulfil its national purpose. It should be a two-way flow, with comment and criticism coming in, and being answered by explanation, defence, and correction of valid complaints going out.

The outward flow should not only answer particular complaints, but should seek to develop public understanding, in all segments of the population, of the purposes and aspirations of the Canadian broadcasting system. Until now, the dialogue between the broadcasting system and the people it seeks to serve has been confused and muted. People with constructive suggestions and critical comments about broadcasting have not known where to go with them and their ideas have been little welcomed by the broadcasting agencies. Questions in the House of Commons by interested Members have been an ineffectual and unsatisfactory method of obtaining and bringing public opinion to bear on the broadcasting system. We think the Authority should become the recognized source for information about Canadian broadcasting; it should receive complaints, give explanations in response to complaints, and generally apply, when appropriate, views and information given by the public in developing its policies for Canadian broadcasting.

Finally, the Canadian Broadcasting Authority should report annually to Parliament, in considerable detail, on all aspects of the broadcasting system—for the private sector as well as the public sector. Parliament should be given a complete picture of the purpose and performance of the broadcasting system so that it can be viewed as a whole. The annual report should deal in detail with the year's program performances by both public and private broadcasters. It should assess performance against the standards laid down by the Authority, and against any undertakings that may have been given by broadcasters. It should also report on the financial position of all broadcasters. For the CBC, the

Authority's annual report to Parliament will necessarily cover details of the financial results and administration of the CBC, but Parliament and the public also have the right to know about the financial health of the private broadcasters, since they are essential elements of the Canadian broadcasting system. There is a need to standardize the form of accounting by the CBC and the private stations, so that their achievements and their failures can be accurately compared by Parliament and the public.

## LICENSING

Licensing procedures over the past six years have consumed a large part—perhaps as much as half—of the time of the BBG's full-time members, and a substantial amount of time for the full board. Licensing is an important part of the duties of the Broadcasting Authority but is not its prime function. It is clear that the pressures of licensing duties and the procedures adopted for dealing with licensing questions have deflected the time and energy of the full-time members of the BBG, and of the whole Board, from their more important tasks of regulating and directing the Canadian broadcasting system. We propose new and improved licensing procedures which will provide for the effective regulation and control of public and private broadcasters alike.

Licensing of the right to use radio frequencies and television channels is necessary because the number of these public assets is limited and decisions must be taken as to the technical and personal acceptability of applicants for them. The initial grant of a television or radio licence involves two questions for decision—first, is the proposal for the new station technically competent and in conformity with Canada's right under international agreements to use the radio frequency or television channel?—and second, is the applicant a suitable person to receive and use the right to broadcast over that frequency or channel? The former is a factual and technical question; the latter is a broadcasting question involving an assessment of the applicant's ability, reputation, and competence as a broadcaster.

The Department of Transport (DOT) is responsible for administering the use in Canada of the airwaves for various types of electronic signals. It has a large and technically competent staff for the purpose. Broadcasting bands occupy only a part of the electronic spectrum under the jurisdiction of DOT. It must allocate frequencies or channels for many other purposes, including defence communications, control

and aids to navigation in the air and at sea, local telephone and telegraph signals, and other uses of Hertzian waves, in accordance with international agreements. The DOT staff is technically qualified and well accustomed to pass upon the technical suitability of an application for a licence to broadcast. It is not, however, competent or experienced in determining whether the applicant will be a good and responsible broadcaster. In recent years an applicant for a broadcasting licence has had to satisfy DOT as to the technical feasibility of his proposal, and then go before the BBG in a public hearing to demonstrate his acceptability as a broadcaster.

No doubt such a division of responsibility between two government agencies is somewhat cumbersome, but avoidance seems impractical. Theoretically, the whole licensing function could be transferred to DOT, but this would entail the development of a staff to assess the broadcasting qualifications of the applicant. While a new station must be technically sound and perform in compliance with international agreements covering the use of the airwaves, the more important aspect of the licensing function is to decide the suitability of the applicant as a broadcaster. This can be done only by an agency that knows the broadcasting system and its purposes. Canada cannot have a good broadcasting system unless only suitable and responsible men are given the right to use the relatively small number of radio frequencies and television channels available.

Alternatively, jurisdiction over the whole electronic band assigned for broadcasting could be transferred to the Broadcasting Authority. This would create some problems of jurisdiction between the Authority and DOT at the fringes of the band. More important, it would require the Authority to build up a staff to assess the technical acceptability of new proposals, which would duplicate technical facilities already existing in DOT.

We believe that the jurisdiction on broadcast licences should continue to be divided between the Department of Transport and the Broadcasting Authority; the former should be responsible for all technical and engineering aspects of the licence, and the latter for all broadcasting aspects. To facilitate this, we suggest that radio and television licences in the future should be in two parts. First, a technical licence should be granted by DOT to determine the availability, scope, and method of operation of the radio frequency or television channel. Second, when technical feasibility has been determined by DOT, consideration should be given by the CBA to the acceptability of the applicant

as a broadcaster. For new licences and the renewal of licences, there should be a public hearing, with public notice so as to permit all interested parties to appear. If, in the course of the hearing, further technical questions develop (as, for example, when an existing station claims there will be interference with its signals), the application should be referred back to DOT for settlement of the technical dispute before further consideration by the CBA. This has not been the practice in the past; on occasion an application technically approved by DOT has been met by complaints at the BBG hearing that it is technically defective, and the BBG has proceeded to hear evidence and settle the technical dispute. This was a time-consuming task for a Board not staffed or qualified to deal with technical questions. It would be much better to have technical questions settled by the qualified experts in DOT, even if DOT had to establish a procedure for hearing contending technical claims, which does not now exist.

The division of licensing jurisdiction between DOT and the Broadcasting Authority applies to the administration of the existing broadcasting spectrum. The broader problem of periodic international determination of the spectrum has both technical and broadcasting aspects, and the Broadcasting Authority should, in future, participate in such international negotiations.

Undoubtedly, a two-part licence for broadcasting entails the risk of more difficulty and possibly more expense to an applicant. If he goes first to CBA to determine his acceptability as a broadcaster, he may later find in DOT that his proposal is technically defective. If he first gets technical approval from DOT, after considerable expense in preparing plans, he may later find that he is unacceptable to the CBA as a broadcaster. However, these risks are inherent in any application requiring two separate and distinct approvals, and the risks and costs are not significantly greater if the approvals are made by two agencies instead of by one. Clearly, the technical feasibility should be determined first, since without it the proposal will certainly be unacceptable.

We recommend that the broadcasting portion of the licence for a station should be issued by the Broadcasting Authority and not, as at present, by the Governor in Council (in effect, the Cabinet) on the recommendation of the BBG. It is true that the grant of a licence is the disposition of a public asset, for which normally the Government should accept responsibility, but the assignment of this responsibility to the Authority is clearly desirable. If it is to be an independent agency to supervise all Canadian broadcasting, it should choose the people entitled to

broadcast; there is no decision more important for the creation of a sound broadcasting structure. The responsibility for the choice is less clear if the Authority may merely recommend, leaving the decision to the Cabinet. If, as has usually happened in the past, the recommendation is accepted by the Cabinet, consideration of the matter is a waste of the Cabinet's time. If occasionally the Cabinet were to reject a recommendation of a board that has seen the applicant and carefully considered his qualifications, the decision could be based only on inadequate evidence or partisan considerations. We recommend that responsibility for the grant of a broadcasting licence be placed where it belongs, on the Broadcasting Authority and not on the Cabinet, and that the procedure for the licensing functions of the CBA should be clearly defined by statute.

For the primary function of supervising and developing excellent program performance, we believe that a representative board mainly composed of part-time members is appropriate and desirable. Licensing decisions are complicated matters requiring preparatory study of the applications and continuity of policy by the licensing agency. A large board made up mainly of part-time members is not well suited to the discharge of licensing functions, and if it seeks to do so, the detailed examination of licences is likely to consume an undue amount of time and energy, to the detriment of the more important task of defining policy and regulating the performance of the Canadian broadcasting system. However an overall knowledge of broadcasting policies and of the existing system is essential for sound decisions on licensing, and the solution does not consist in establishing a separate licensing agency.

Instead, we recommend that the broadcast licensing function should be kept within the CBA, but should not be handled by the full board. We suggest that all licensing functions should be dealt with by a licensing committee or panel of the CBA, and that a statutory basis for its creation by the Authority should be provided. This would permit the development of a group within the Authority with knowledge of licensing techniques, and would ensure continuity of licensing policy. We think that the size and constitution of the panel should be flexible and should be left for decision by the Authority itself. Presumably the chairman of the Authority and two or three of its part-time members would serve regularly on the panel. In addition, one or two of the other part-time members could be added for particular applications, preferably those from the region where the new station will be situated, to contribute knowledge of local conditions to the panel's deliberations.

Licensing procedure should be more fully defined than at present. The practices developed by the Federal Communications Commission in the United States could be examined and, where appropriate, applied in Canada. The FCC has stated its licensing policy, indicating the general standards of performance and the type of information it should receive on an application for licence. The application is given preliminary study by qualified members of the staff, who also gather other relevant information for the guidance of the Commission. A notice of the application is published in sufficient detail to permit public response. Applications are uniformly prepared, and supporting material is put together before the applications come to the Commission for consideration, thus reducing the time needed to reach a decision.

An application to the licensing panel of the CBA for the grant of a licence should have full publicity before the public hearing, and the decision of the panel on behalf of the Authority should have publicity after it is made. Moreover there should be a right of appeal from any decision of the panel to the full Board, and the Board itself should be empowered to initiate a review of any decision by the panel.

In addition to the major task of considering applications for new licences and the renewal of existing licences, the Broadcasting Authority has a number of less important licensing functions to perform. These include authorizations for changes in the power of existing stations, approval for transfers of shares in private stations, and changes in the location of broadcasting stations. The procedure for dealing with licensing applications should vary according to the importance of the subject matter. For the issue of new licences and the renewal of existing licences, there should be a public hearing; the licensing authority should see the applicant, so as to judge his suitability to be entrusted with the right to broadcast and to permit public comment thereon. However, in minor cases, if after public notice there is no substantial objection, the licensing authority should be able to act on the merits of the application without public hearing, and should have power to determine whether an objection is substantial or merely frivolous. For example, a change in share ownership where there is no change in control should not require the licensing authority to spend time in a public hearing or the applicant to spend time and money in attending the hearing; the decision can be made on the written evidence.

Moreover licensing decisions of a routine nature need not go before the licensing panel; they should be delegated to a competent staff acting under general instructions from the panel. Such a procedure,

drawing distinctions between more and less important decisions, was well developed during the period of wartime controls by the Wartime Prices & Trade Board and other agencies; major orders were issued formally by the Board; less important orders were issued by an administrative officer and countersigned by the Chairman; routine matters were dealt with in directives by an administrative officer. The present BBG practice of having all licensing decisions go before the full Board is cumbersome, time-consuming and inefficient. Obviously, the Broadcasting Act should empower the Authority to adopt more flexible licensing procedures, including the delegation of routine decisions to members of the staff. Obviously also, the Authority should have a larger and more competent licensing staff than the BBG has had to assist it in its work.

By the establishment of general licensing procedures, by the use of a licensing committee or panel and by the improvement of staff assistance, the burden of licensing functions on the CBA can be substantially lightened. That burden is likely to diminish in any event. In the early years, following the 1958 Act when second television channels were opened to licence, the burden on the BBG was heavy. As coverage was extended to a point approaching saturation, the licensing functions of the BBG shrank in volume, especially for the important and time-consuming consideration of new station applications. If our earlier recommendation is accepted that the Canadian broadcasting system should grow rather slowly in future, because it is already well developed physically, there will be fewer major licensing decisions and more chance to keep the licensing function from requiring an undue amount of attention from the Broadcasting Authority.

Our final recommendation concerning licensing is of considerable importance. We propose that a performance-undertaking should be made a specific condition of the licences of all privately owned radio and television stations. Such a condition is unnecessary for CBC stations because, under our recommendations, general program policy for the CBC will be a responsibility of the Broadcasting Authority. But we think better means than those of the past should be found for defining and assuring the program performances of private stations.

When applications were made for licences of new stations—especially the so-called 'second TV stations'—the contestants for these valuable rights made detailed and glowing promises to the BBG about the performance they would give. These undertakings were assessed by the BBG and undoubtedly influenced the choice of the applicant to receive a

licence. They were not, however, made a specific condition of the licence, because the Department of Transport was unable or unwilling to attach a performance-condition to the technical authority to operate. Licences are granted under the Radio Act, on the recommendation of the BBG to the Governor in Council under Section 12 of the Broadcasting Act, which requires a public hearing, and are issued on condition that the licensee comply with the provisions of the Broadcasting Act and the regulations passed thereunder. However, the performance promised by the applicant in the hearing before the BBG is not, and under the existing statutes probably cannot, be made a condition of a licence issued under the Radio Act, nor can a breach of the performance-undertaking be made the basis for revoking the licence.

In fact, the program performance of the private stations—in particular the second television stations—bears very little relationship to the promises made to the BBG when the licences were recommended. Undertakings given to obtain the grant of a public asset have largely been ignored, and the program performance has generally fallen far short of the promises made. The BBG has been powerless to deal with this default, and has had to wait until the terms of the licences expired before raising in any effective way this failure of the private stations to live up to their undertakings. Now that the original licences are approaching the end of their terms, there is a considerable scurrying about by the operators, and some of them have announced their intention to produce some better programs of a public-service or cultural type.

A promise made by a broadcaster to obtain a licence to operate a radio or television station should be an enforceable undertaking, and not a theoretical exercise in imagination or a competitive bid in an auction of unrealistic enthusiasm. Promises made should be carried out, or some good explanation given as to why they cannot be carried out. When performance is flagrantly below the level of the promises made, it should not be necessary to wait until the expiry of the licence to remedy the default.

There are some types of regulation that can, and should, apply to all broadcasters. These include general rules of a negative or prohibitory kind defining program practices that may *not* be followed—for example, the prohibition of certain kinds of subjects in programs, or of advertising messages that offend standards of morality and good taste. Generally applicable regulations can also deal with the number, length, and content of commercial announcements by establishing maximum limits beyond which advertising messages may not go on any station.

These negative rules of broadcasting performance are necessary and important, and should be clearly laid down by the Broadcasting Authority. But they will not, in themselves, achieve acceptable program performance by all broadcasters. A body of negative rules can do no more than set minimum standards of performance at a rather low level of general application. To achieve something better, positive leadership and direction by the Broadcasting Authority are necessary.

A more positively excellent performance is difficult to enforce by regulations of general application to all broadcasters. Individual stations vary greatly in size, location, and wealth. A regulation setting a performance level adequate for a large metropolitan station will be intolerably burdensome on a small rural station. Conversely, a regulation setting program standards within the practical possibility of achievement by a small station is meaningless when applied to a large and wealthy station. Moreover, there is a great difference between the program performance that should be given by a station that is the only one in its community, and that required from each of half a dozen stations all serving a particular community. These differences between private stations, in their size and situation, indicate the need to set individual standards appropriate to each.

Admittedly the establishment of individual program standards for all privately owned radio and television stations in Canada is a large and difficult undertaking, but we think it can be done in the following way. First, the Broadcasting Authority should state in some detail its objectives for the program performance by private stations, outlining such requirements as a good news service, some discussion of public affairs, a reasonable content of music and drama, some development and use of Canadian talent, and the need for a varied and imaginative local service to the community coupled with some regional, national, and international activities. This general statement of objectives should make it clear that the CBA recognizes differences in the size, wealth, cultural resources, and local conditions of stations; that it does not expect the same performance from each; and that program performance should be of the highest standard reasonably within the powers of each station, having due regard to its circumstances.

Secondly, the Broadcasting Authority should direct each station to develop a program schedule which it is prepared to undertake. Individual proposals would then be examined by the staff of the CBA and reviewed by the licensing panel, to determine whether each falls reasonably within the stated general objectives and is adequate

having regard to the stations' circumstances. Individual stations, especially the smaller ones, should be permitted to develop programs in cooperation with one or more others to be included in their several schedules. There is an obvious need to develop more cooperative programming among the private stations; this should be not only permitted but encouraged by the CBA when it reviews their program proposals.

After review and acceptance by the CBA, the program performance proposed by each station should be made a condition of its licence to broadcast. Private broadcasters should be given clearly to understand that, this time, the Authority means business. There is no place for glowing promises that can be quickly ignored when the licence has been obtained and forgotten until its renewal date approaches. If a station can do little to improve its program performance, it should say so and give reasons why it cannot do more. The proposal should be a realistic promise of practical performance, which is intended to be carried out and enforced; it will become a condition of the station's right to broadcast, and if the condition is broken, the right can be suspended or withdrawn, or prosecution launched for the infraction.

Obviously, in a rapidly changing medium, the position of an individual station may be changed by circumstances beyond its control. Promises made today in good faith may become unrealistic or unduly burdensome tomorrow. Any station should be permitted to apply to the Authority for a review and revision of the performance-condition of its licence, and the condition could be amended in the light of changed circumstances. But unless and until this is done, the performance promised is obligatory and enforceable against each station.

No doubt this suggested procedure will not immediately result in an ideal program performance by the private stations, but it should quickly produce a much better result than in the past. With some notable exceptions, programming on the private stations has been trivial, unimaginative, and far short of the minimum level required from public broadcasting assets granted for their use. Attempts to improve this performance by general regulations have been largely unsuccessful; the general regulation of private television stations has been ineffective, and the regulation of private radio station performance is almost non-existent. The CBA should be able to do better than this by establishing individual standards of performance that would result in an immediate improvement in the programs of the private stations and provide a new base on which further improvement could be built.

We make this proposal because we believe that the majority of private broadcasters want to give a respectable and worthwhile performance in the use of the licences assigned to them. They have argued for years that they are a valuable and necessary part of the Canadian broadcasting system, and this proposition is now generally accepted and welcomed. Most of them recognize that, in addition to giving services to their local communities, they should share in the broader national purposes of the Canadian broadcasting system. To do this, they need some coordination and direction which has not been provided by attempts to devise performance regulations applicable to all private stations alike. The regulation attempted has either been so weak that it was meaningless, or so impossible to comply with that it was ignored. There are many responsible private broadcasters who would have liked to do better, but could not because their competitors were permitted to get away with inadequate and shabby performance.

The regulation and direction of a heterogeneous group of private stations—some strong and prosperous, others marginal and financially weak—cannot be done by general and mainly negative rules. All station performance is individual, and regulation and direction to be effective must also be individual and based on what each station should do and what it can do. We are convinced that Canadian private broadcasters will accept and even welcome individual standards of performance that are set with fairness and with their cooperation. For the broadcasters, this means a more satisfying and less regimented existence. For the Canadian people, whose interests should be the main objective of broadcasting policy, it should provide better, more varied, and more interesting programs on their radio and television sets.

#### CONSTITUTION AND MEMBERSHIP OF THE AUTHORITY

We believe that there should be unified and coordinated control of all Canadian broadcasting by a single authority. In a very real sense, it should be the trustee of the broadcasting system on behalf of the Canadian people, and the terms of its trust should be to ensure that excellent and distinguished broadcasting services are provided by all broadcasters, within the limits of their individual means. Parliament should define in detail the goals it wants for the broadcasting system, and delegate to the Authority the task of achieving them. The Authority should be accountable annually to Parliament, not for the method or

details of its work, but for the results—for its success or failure in attaining the goals that Parliament has set.

The constitution, size, and membership of the public authority charged with the control, supervision and direction of the Canadian broadcasting system should be determined by the functions it must perform. As we conceive the Canadian Broadcasting Authority, its principal functions are—

- to control, regulate and develop the program performance of all broadcasters;
- to conduct and commission research into the social and human effects of the broadcasting media;
- to explain, defend, and improve the Canadian broadcasting system;
- to decide who should receive and hold broadcasting licences, and under what conditions;
- to determine the broadcasting policy of the CBC, and to ensure that it is well led, well staffed, and well administered;
- to regulate the activities of private broadcasters, and to encourage and stimulate their cooperation with a view to improving their broadcasting performance;
- to report annually to Parliament on the performance of all public and private broadcasters, and on the state of the Canadian broadcasting system as a whole.

These important and diverse functions require a board of outstanding strength and ability, and each has a bearing on its appropriate size, constitution, and membership. One function might be better handled by a small board of full-time members; another may call for a large representative board, made up partly or wholly of part-time members. If there is to be unity in the Canadian broadcasting system, it must have unified control and direction by a single board. Whatever the different kinds of board that might best suit individual functions, all the requirements can be satisfied by the exercise of imagination and ingenuity in determining the constitution of the Authority and choosing its membership. If, in the result, the form chosen is unique, it should be no surprise, for a broadcasting system is a unique undertaking.

Thus the form of the Authority should be determined by the relative importance of its various functions. We regard the control, regulation, and development of program performance by all broadcasters as its primary and most important function. For this purpose, a fairly large board is necessary, representative of different parts of Canada and with

varied experience and skills, and it should be composed mainly of part-time members. Such a board is also appropriate for the development of research policy, for interpreting the purposes and policies of the broadcasting system to Parliament and the public, and for reporting annually to Parliament on the performance of the system.

The licensing function might more suitably and conveniently be undertaken by a small number of full-time experts. However, while we recognize the importance of the licensing function, we believe it can be efficiently handled by a licensing panel or committee of the Authority with adequate staff assistance. For the supervision of the finances and administration of the CBC, or for the control and guidance of the private broadcasters, a relatively small number of experienced people working part-time might be appropriate. These duties can also be discharged by panels or committees of the Authority.

It is a familiar practice in corporate direction to have a large board, with committees of directors to look after particular functions. The members of committees know the overall policies of the organization from their membership of the main board, but specialize in particular aspects of corporate activities. We recommend the same practice for the special functions of the Broadcasting Authority—such as licensing, supervision of the CBC, and guidance of the private sector. The Authority should have statutory power to establish these committees, and to delegate responsibility to them under continuing control by the full board. Obviously, the membership of the Authority should be chosen so as to include people qualified to serve on the special committees. The only difference between the usual corporate arrangement and that proposed for the Broadcasting Authority is one of emphasis. In the former, service on committees of the board is usually intermittent and subsidiary to duties on the full board. In the Broadcasting Authority, service on the special committees will be more time-consuming.

We accordingly recommend that the Canadian Broadcasting Authority should consist of fifteen members—a full-time Chairman and fourteen part-time members. Their wise selection will largely determine the sound development and future value of the Canadian broadcasting system. We suggest that, since the choice is so important, the nomination of members of the Authority should be the prerogative of the Prime Minister; they should be formally appointed by the Governor in Council on his recommendation.

We urge that appointment to the Authority should not be on a rigid basis of provincial or regional representation. While the viewpoints of

different regions should be represented, and a fair balance maintained between the two official languages and national cultures, the choice should be based essentially on individual excellence. The membership of the Authority should include diverse skills and experience in sufficient number to man the several special committees and discharge the various functions of the Authority. Thus there should be some members with financial and business experience to supervise the CBC; others with knowledge of or familiar with private broadcasting; and still others prepared to develop a knowledge of, and devote the necessary time to, the licensing function. However, the essential qualification for *all* members is not suitability for this or that special function, but that each should have broad Canadian experience and extensive cultural interests, with a deep concern for and understanding of the national purposes that the broadcasting system should promote and serve. We believe that broadcasting is of such paramount importance to the development of Canada that it can attract to its service, as members of the Broadcasting Authority, Canadians of outstanding qualities, for whom few more important forms of public service are open.

The choice of the first chairman of the Broadcasting Authority is obviously of major importance. We recommend that he should devote substantially his full time to the position, although we would not think it necessary for him to give up other public and private activities that have no direct or indirect connection with broadcasting, for these associations could be valuable in keeping him in touch with the realities of Canadian life. He should be familiar with both languages.

This recommendation, that the chairmanship of the Authority should be a substantially full-time appointment, is at variance with the proposals of the 1957 Royal Commission for a part-time chairman of the BBG, as it conceived that agency. Whether or not that proposal was practical at the time, it is now clear that the responsibilities of the Chairman of the Authority responsible for the supervision of the whole Canadian broadcasting system cannot be discharged by a part-time appointee. We envisage a more comprehensive and extensive responsibility for the CBA than that of the BBG, and the system existing today is larger and more complex than that of eight years ago.

The full-time chairman should be appointed by the Governor in Council for a term of five or seven years, and should be adequately paid for his services, for this should be regarded as one of the most important positions in Canadian public life. He should be responsible for all the functions of the Authority, assisted by the fourteen part-

time members and by an adequate staff and facilities. He should be primarily responsible for developing broadcasting policies for both publicly owned and privately owned stations and networks, and for ensuring their execution. Neither he nor the Authority itself should become involved in the detailed execution of broadcasting policies, which should be left to the CBC and the private operators for the public and private sectors respectively. Indeed one reason that led us to recommend only one full-time member for the Authority was our firm belief that the Authority should not become involved in the details of administration. If it is properly organized and adequately staffed, there should not be sufficient work for more than one full-time member to do. If there were several full-time members and they took their responsibilities seriously, the great danger would be that they might interfere in details of administration and operation. The task of the Authority is to supervise, control, and direct; the task of the broadcasters, both public and private, is to produce and transmit radio and television programs. These two functions should be kept separate and distinct.

#### STAFF AND FACILITIES FOR THE AUTHORITY

It will be essential, for the successful operation of the Canadian Broadcasting Authority, to provide a competent and expert staff to analyze reports and prepare material for its consideration; to deal with procedures and routines on its behalf and in accordance with its general instructions; and to assist it generally in its work.

The experience of the BBG in the last six years suggests that it failed to provide itself with a sufficiently large and diverse staff and facilities. It has had several competent and dedicated staff members, but there have not been enough of them, and they have not had all the skills required to enable the Board to fulfil its responsibility under Section 10 of the Broadcasting Act to ensure "the continued existence and efficient operation of a national broadcasting system". The full-time members of the BBG seem to have spent much of their time on detailed work that could have been done by a better qualified and larger staff; in the result, they have had insufficient time to devote to the regulation of "the activities of public and private broadcasting stations in Canada and the relationship between them". Instead, the BBG seems to have tried to avoid conflict with the determined and at times belligerent Management and Board of the CBC. In this way the two agencies achieved agreement on at least one point—they both wanted the BBG to have as little to do

with the CBC as possible. This does not seem to have been the result intended by Section 10 of the Broadcasting Act. In proposing the creation of the BBG, the 1957 Royal Commission respectfully advised Parliament to apply the maxim that there is no sense in keeping a dog and doing your own barking. A corollary of this proposition is that if you keep a dog and he does no effective barking, you are not getting the reliable protection you may need.

The facilities of the BBG also appear to have been inadequate for the discharge of its duties. It has received many performance reports from the private stations, but has not had sufficient staff and processing equipment to analyze them. Some members of the BBG complained that they lacked sufficient information to enable them to apply adequate control, stimulation, and direction to the private stations; clearly the responsibility for this rests with the BBG itself. It has quite extensive powers under the Broadcasting Act of 1958, and could have sought clarification and solution of jurisdictional difficulties arising out of the statutory two-board system. However, the main reason for the lack of real status is that the BBG did not choose to assert it. The BBG has not used the full powers it has undoubtedly been given under the present Broadcasting Act.

Whatever the shortcomings of the BBG in the last six years, it is essential that they shoud not be perpetuated by the proposed Canadian Broadcasting Authority. As the single board responsible for the entire broadcasting system, its many duties call for adequate staff and facilities to assist it in its work.

We suggest that the staff of the CBA should be headed by an Executive Director responsible for the entire staff. He should have a senior assistant responsible for all licensing functions, with a number of competent examiners to review supporting material and prepare applications for consideration by the licensing panel of the Authority. Certain licensing functions of a minor or routine nature should be handled by the Director of Licensing under general instructions from the Authority.

A second senior assistant, with knowledge and experience of the private sector, should be responsible for the development of individual station standards and their supervision, again acting under instructions from the Authority and in accordance with its policies for the regulation of program performance.

A third senior member of the staff should be responsible for the research activities of the Authority, to review, commission, and perhaps

conduct research into broadcasting developments and the social effects of radio and television on Canadians generally and on particular groups.

There will be need of a secretary of the Authority, financial officers to analyze the financial reports of the CBC and private stations and develop standards for financial reporting, and a general counsel to supervise legal and enforcement activities. There should of course be the usual ancillary staff of librarians, secretaries, clerks, typists, and other assistants.

We recommend that the Broadcasting Authority should be situated in Ottawa, with adequate offices in the centre of the city to give easy access to Parliament. The present offices of the BBG would be quite inadequate for the agency to be responsible for the whole of the Canadian broadcasting system. The CBA offices should have access to modern facilities, such as computers, to assist in the analysis of performance reports and broadcasting surveys. There should be facilities for viewing television programs, such as a videotape viewer and a film projection room.

We recommend that the staff should not be under the jurisdiction of the Civil Service Commission, since the Authority will be a specialized agency requiring more flexible personnel procedures. Instead we suggest that the Chairman and Executive Director should prepare a proposal indicating staff requirements by categories, with a salary range established for each category, to be approved by the Treasury Board. This procedure was used conveniently and effectively when the Economic Council of Canada was established. The staff of the Authority should, however, be eligible for superannuation and other benefits available generally to the public service.

#### ENFORCEMENT

It is to be hoped that the Canadian Broadcasting Authority will be able to enlist the willing cooperation and support of all public and private broadcasters in Canada, and that the performance of its duties will depend more on its qualities of leadership and direction than on enforcement of its orders. However, the independent agency charged with the control and supervision of the Canadian broadcasting system must have legal powers to enforce its directives. Willing cooperation from most broadcasters cannot be expected if a few recalcitrants may flout its orders with impunity.

The enforcement provisions in the present Broadcasting Act are not extensive. Section 18 provides that every person who violates any of the

provisions of Part I, or of the Regulations, is punishable on summary conviction under the provisions of the Criminal Code. In the past six years a few prosecutions under this section have been launched by the BBG. Coming before a police magistrate accustomed to dealing with minor offences of a routine nature, who has little knowledge of the broadcasting system or its purposes, the usual result has been a conviction and fine of \$25 for a serious breach of the Act or the Regulations. This is no more than a licence fee.

In addition, Section 15 of the Act gives the BBG power to suspend a licence for a period not exceeding three months where the Board finds, after notice and a hearing, that the licensee has violated or failed to comply with any condition of his licence under Section 12(5) or Section 13(1). There is a right of appeal to the Exchequer Court on questions of law from an order of suspension by the BBG. There has been only one case in six years when the BBG ordered suspension of a licence, and that decision was overruled on appeal to the Exchequer Court on technical grounds. It may be that this somewhat restricted power to suspend licences could have been more extensively used by the BBG. Certainly it would have been a more effective power if the program performance of a station had been a condition of its licence to operate, as we recommend.

This is an enforcement dilemma frequently encountered by specialized agencies. The courts are not familiar with the administrative purposes of the legislation, and tend to regard an infraction of the regulations as a technical offence requiring only a nominal monetary penalty. As a result, a small fine imposed on summary conviction is no deterrent to the offender nor any detriment to his local reputation. It is roughly equivalent to a fine for parking a car in a prohibited area. On the other hand, for many infractions under the Broadcasting Act, suspension of the licence is too severe a penalty; it punishes not only the licensee but the entire community depending on the station for broadcasting services. In neither case does the punishment fit the crime.

It may not be possible to devise a complete solution of this enforcement dilemma. However, we suggest first that, for minor infractions, monetary penalties should be imposed that bear some relationship to the gravity of the offence, and secondly that, for major infractions, remedy by suspension of the licence should be more frequently used.

No doubt the Broadcasting Authority would be better able than a police-court magistrate to assess the seriousness of an infraction. However we do not think the Authority should be given statutory power to

impose monetary penalties on licensees for breaches of the legislation or regulations. Instead, the Act should provide for a system of minimum fines to be imposed on summary conviction, with steeply graduated minima for second and third offences, and for automatic suspension of the licence, for a period to be determined by the Authority, if an operator is convicted of any infraction three times within the term of his licence.

We recommend also that the Authority should have power to suspend and cancel licences, without waiting for a triple conviction in the courts, in cases it regards as sufficiently serious and flagrant. The statute should provide power to suspend or cancel a licence for a breach of the provisions of the Act, or of any general regulation of the Authority, or of a condition of the individual licence. If our proposal is accepted, that a system of individual station standards should be developed and the program standard for each station should become a condition of its licence, any breach of the condition should empower the Authority to suspend the licence. Instead of a suspension for breaches of general and complicated regulations, most cases would involve the simple proposition that the licensee has failed to carry out his promises. This is something that would be clear to him, and clear also to the community in which he operates, and therefore more likely to be accepted as fair and reasonable. In all cases involving suspension or cancellation of a licence, the Authority should hold a formal and public hearing, and there should be a right of appeal on questions of law to the Exchequer Court, similar to that provided by Section 15 (3) of the present Act.

#### FINANCING FOR THE AUTHORITY

The Canadian Broadcasting Authority will be a more costly agency than the BBG has been. To be effective, it must have a larger, better qualified, and more expert staff, and more adequate offices and facilities. Its members, including the Chairman, should receive proper remuneration and sufficient travelling allowances.

We cannot estimate today the total cost of establishing the Authority on a sound financial basis. But whatever it may reasonably cost will be a justifiable price to pay for an independent agency to control the Canadian broadcasting system efficiently. We suggest that the estimated expenditure of the Authority should be submitted annually to Parliament by the designated minister with the approval of the Treasury Board.

## RECOMMENDATIONS

*We recommend:* That responsibility for the direction, supervision, and control of the whole Canadian broadcasting system should be assigned to an independent agency to be called the Canadian Broadcasting Authority (Régie des Ondes).

To summarize our many detailed proposals and recommendations in this chapter:

- The first and principal duty of the Authority should be to develop a coordinated policy for the provision of broadcasting services to the Canadian people by public and private broadcasters; its main concern should be the balance, variety, and excellence of the programs that reach Canadian television and radio sets from Canadian broadcasting stations.
- The Authority should be the leader in Canadian research into technical and other developments of the broadcasting media, and into their social and human effects.
- The Authority should be responsible for improving, explaining, and defending the Canadian broadcasting system; it has an important public relations task.
- The Authority should determine the general broadcasting policy of the CBC, and ensure that the CBC is well led, well staffed and well administered.
- The Authority should regulate, supervise, and control the activities of private broadcasters, and encourage and stimulate their cooperation in improving their broadcasting performance.
- Broadcasting licences should be in two parts—the first, covering all technical and engineering aspects, from the Department of Transport—the second, confirming the suitability and acceptability of the applicant and prescribing the broadcasting conditions with which he must comply, from the Broadcasting Authority; licences to broadcast should be issued by the Authority, not granted by the Governor in Council.
- Licensing functions of the Authority should be handled by a licensing committee or panel; there should be statutory power to establish a flexible licensing procedure, including power to delegate routine licensing decisions to members of the staff.
- An individual standard of program performance should be made a condition of the licence of each privately owned radio and television

station; the method of setting these individual performance standards has been indicated in this chapter.

- The Authority should consist of fifteen members—a full-time chairman and fourteen part-time appointees, all of whom should be suitably paid for their services; the choice of the chairman and members of the Authority is crucial to its success, and we propose that they should be appointed by the Governor in Council on the recommendation of the Prime Minister.
- The Authority should have power to establish special committees to deal with various aspects of its business, and to delegate powers of decision to them.
- The Authority should be situated in Ottawa near the centre of the city, with adequate office equipment and facilities.
- The Authority should have a competent and expert staff, which should not be under the jurisdiction of the Civil Service Commission.
- The Authority should have adequate powers to enforce its regulations and directives and the provisions of the Broadcasting Act, including power to prosecute on summary conviction, with a prescribed and steeply graduated scale of minimum fines; on three convictions within the term of a licence, there should be automatic suspension of the licence for a period to be determined by the Authority.
- The Authority should have power to suspend or cancel a licence, without prior conviction, in cases of serious or flagrant offences, following a formal public hearing, with provision for appeal to the Exchequer Court on questions of law.
- The financial estimates of the Authority should be submitted annually to Parliament by the designated minister with the approval of the Treasury Board.
- The Authority should report annually to Parliament, in detail, on the program performance and financial record of the CBC and the private broadcasters, on the administration of the CBC, and on its own affairs.

# PART III

## THE PUBLIC SECTOR



# 6

## THE CBC MANDATE

*Order and simplification are the first steps toward the mastery of a subject—the actual enemy is the unknown.*

Thomas Mann (*The Magic Mountain*)

The CBC is the chosen instrument for public broadcasting in Canada. It is only a part of the Canadian broadcasting system; the private broadcasters also receive rights to use public assets and, in accepting those rights, assume responsibilities to contribute to the national purpose of the system. However, the CBC has the primary responsibility for providing excellent broadcasting services to the Canadian people. As a single agency reaching into all ten provinces and the northern territories, it has the facilities to provide nearly all Canadians with television and radio programs. As the recipient of large sums of public money, it can do many things that the private broadcasters cannot reasonably be expected to do. It has, or should have, the creative people capable of producing programs of value and significance to all Canadians, and others to bring them relaxation and delight. Having been given the primary responsibility, the interests of the CBC are paramount within the Canadian broadcasting system, but if it is to perform its function adequately and acceptably, it must be told what it is expected to do. It must have a clear mandate from Parliament.

The Broadcasting Act of 1958 is remarkably terse in stating the objects and purpose of the CBC. The Act contains some necessarily long and dull sections defining the structure of the Corporation and its rights and powers. But when it comes to expressing the essential purpose of the CBC, the Act uses only five words. Section 29 states that the

Corporation is established for the purpose of 'operating a national broadcasting service'. In sixteen lengthy sections dealing with the CBC, this is all the guidance that is given to those charged with the responsibility for administering the public broadcasting agency. In the absence of specific parliamentary guidance, the CBC was left to write its own ticket and to give its own interpretation to the meaning of a national broadcasting service. If the interpretation has failed to conform to the wishes of Parliament, it is clear where the responsibility rests.

In annual reports to Parliament, and in public statements, the CBC has tried to spell out the meaning of a national broadcasting service. The latest of these interpretations appeared in a valuable brief submitted by the Board of Directors. It is noteworthy that this statement expands, in several important respects, an earlier definition of the mandate in the annual report of the Corporation for 1963-64. A matter as important as the statement of the objects and purposes of the public broadcasting agency should not be subject to changing interpretation from year to year. Parliament should say clearly what it wants the CBC to do.

In the latest version, the mandate that the CBC conceives it has received from Parliament is:

- "(a) to be a complete service, covering in fair proportion the whole range of programming; bringing things of interest, value, and entertainment to people of all tastes, ages, and interests, and not concentrating on some aspects of broadcasting to the exclusion of others.
- (b) to link all parts of the country in two ways; (1) through the inclusion of a wide variety of national and common interests in its program services; (2) by using its physical resources to bring the national program service to as many Canadians as finances allow. Whether Canadians live in remote or heavily populated areas the national system should serve them as adequately and equitably as possible.
- (c) to be predominantly Canadian in content and character. It should serve Canadian needs and bring Canadians in widely separated parts of the country closer together, contributing to the development and preservation of a sense of national unity. It must provide for a continuing self-expression of the Canadian identity.
- (d) to serve equitably the two main language groups and cultures and the special needs of Canada's various geographical regions and actively contribute to the flow of information, entertainment and understanding between cultures and between regions."

This is not a bad statement of the objects and purposes of the CBC. It could perhaps be more specific as to the need of program balance, instead of merely hinting at it. It might spell out more directly the categories of programs that should make up the balance—news, public affairs, science and general information, sports, drama, music, ballet, opera, and light entertainment. Some of the rather vague phrases in the statement—such as "predominantly Canadian in content and character"

and "a continuing self-expression of the Canadian identity"—would benefit from more precise definition. A greater emphasis on program quality would not be amiss. However, it is admittedly difficult to put such elusive ideas into words. We are disposed to accept the mandate substantially as it has been defined by the CBC.

But it should not be for the CBC to prescribe its own mandate, and this Committee can only give advice. It is for Parliament to say what the people of Canada want the public broadcasting agency to do. The Corporation takes the position that it has repeatedly laid its interpretation of the mandate before Parliament, and Parliament has never questioned it; but this method of legislating by omission is unsatisfactory. The CBC stated in its brief to us that it would welcome a public restatement of its mandate by Parliament, and suggested that this be done at an early date in a White Paper on Broadcasting. In this way, a clear statement of parliamentary intent would be available for the guidance of the CBC, and public understanding of the role of the public broadcasting agency would be improved.

We have already endorsed this suggestion and now extend it. Specifically, a new or revised Broadcasting Act should do more than merely state that the CBC should operate a national broadcasting service. To the fullest extent possible in a statute, the Act should spell out what Parliament expects the CBC to do—what Canadian people should receive in broadcasting services in return for the public money they provide. In addition, the statutory provisions should be expanded and explained in the proposed White Paper on Broadcasting, so that both may be reviewed in detail by a special parliamentary committee and fully debated in Parliament.

We cannot prescribe what should be included in the Act and what might be more effectively expressed in the White Paper, but there are some essential points which should be covered in one or the other, or in both. It should be clearly stated:

- that the CBC is a component of the national broadcasting system and, as such, is governed by and responsible to the Canadian Broadcasting Authority—the independent agency to which, we have recommended, Parliament should entrust the supervision, direction, and control of the whole Canadian broadcasting system;
- that within the national system, the CBC, as the chosen instrument of Parliament, has the prime responsibility to provide broadcasting services to the Canadian people as a whole, and that the interests of the CBC are therefore paramount;
- that, subject only to physical limitations and reasonable factors of

cost, the CBC should give the highest priority to providing broadcasting services to those Canadians who are without any radio or television services at all, and to those whose mother-tongue is English or French and who lack service in that language;

- that the CBC should provide a complete and balanced service of information, enlightenment, and entertainment for people of different ages, interests, and tastes, including a high content of regional, national, and international news; of comment and discussion on current affairs; and of factual and interpretative reports from the different and widely dispersed regions of Canada to increase mutual understanding and promote national unity, as well as programs covering all aspects of the arts, light entertainment, and sport;
- that the CBC should seek to use and develop Canadian artistic and cultural resources and talent, wherever situated, to the maximum extent consistent with high standards of program quality;
- that the CBC should include in its schedules a reasonable proportion of programs from other countries and cultures that will contribute to the wider information, cultural enrichment, or better entertainment of Canadians at large;
- that the CBC should continue to be responsible for providing broadcasting services to certain remote groups of Canadians, including the Armed Forces stationed in Canada and throughout the world and the natives and residents of the far north, to whom broadcasting is of peculiar importance as the vital and essential channel of communication with current Canadian affairs;
- that the CBC should continue to be responsible for projecting an image of Canada abroad through an improved International Service, and should discharge the obligations of Canada, particularly to the developing countries, in the field of international broadcasting.

The foregoing is not an exhaustive statement of the purposes and objects of the CBC, for it covers only the bare essentials. We believe it is fundamentally important that Parliament and the Government should give precise and detailed guidance to the CBC, and inform the public as to the purposes and objectives of the public broadcasting agency which the public is called upon to support.

*We recommend:* That the mandate of the public broadcasting agency should be clearly stated and defined as fully as possible by legislation, and should be expanded and specifically explained in a White Paper on broadcasting policy.

# 7

## THE CBC HEADQUARTERS

*Come, let us forget our ivory towers, brothers,  
Come, let us be bold with our songs.*

Nicholas Vachel Lindsay (*Every Soul is a Circus*)

C. E. Montague, in his book 'Disenchantment', describes the British General Headquarters during the first world war at Montreuil-sur-Mer. This little mediaeval walled town from which the British armies were sought to be directed during the early disastrous war years was, he said, "a place to bring tears to the eyes of an artist"; it was not only out of that war, it was out of all wars.

Much the same could be said of the new headquarters building of the CBC in Ottawa. It is a handsome structure, apparently well designed as office buildings go, situated on the outskirts of the city on Bronson Avenue. It was recently constructed at a public cost of about \$2.8 million.

To reach this new building from the parliament buildings or principal hotel in Ottawa a taxi ride of 15 to 20 minutes is needed. If a senior officer of the CBC wants to confer with Members of Parliament or officials of government departments, he must make a similar expedition. The offices themselves are comfortable and not unreasonably lavish in size or decoration, but a visitor could wander through them and along the corridors for hours without having the slightest reason to believe he was in the headquarters of a broadcasting organization. There is no microphone in the building, no studio for radio or television.

There is a small projection room where a film could be seen, but no videotape viewer. If senior officers wish to see a program recorded on videotape, which is now the production technique used for the vast majority of television programs, they must travel about five miles to the CBC broadcasting station in Ottawa.

In short, even for the limited purpose of maintaining contacts within Ottawa, the location of the CBC headquarters building is a mistake. There is a constant physical inertia against visitors making the expedition to see the men who are directing this national enterprise. There is an even more serious emotional inertia operating against those men maintaining contacts on broadcasting matters with the outside. It is a headquarters that is not only out of touch with broadcasting generally but even in a poor place to keep in touch with the widespread CBC organization itself. We are therefore convinced that the present headquarters building should be given up by the CBC. Presumably it can be sold to the Government and used by some department or agency that is in need of more adequate quarters, a purpose for which it is well suited.

However, the headquarters problem goes much deeper. It will not be solved by just moving into town to make contact easier with Parliament and the government departments with which the CBC has to deal. These contacts are important, but they are not the primary duty of the senior officers of the CBC; they could be maintained by a competent liaison office, with a small but expert staff, physically situated near the centre of Ottawa—and the job could be done more effectively than it has been in recent years by the whole CBC senior *échelon*.

One of the first of many studies of the CBC was made in 1939. It was undertaken, with the assistance of consultants, by one of the great proponents of public broadcasting in Canada, the late Alan B. Plaunt, who was then a member of the Corporation's governing board. Mr Plaunt's analysis of the CBC in 1939 concluded with the recommendation that the headquarters should *not* be in Ottawa. It is a great pity that this recommendation was not followed. It is even more valid today, when the CBC has become much larger, more difficult to administer, and more important to Canada. We are convinced that Ottawa is the wrong place, a nearly impossible place, from which to administer the public broadcasting sector effectively.

The reason for this opinion is a simple one. CBC is not an administrative agency, or a department of government. It is a creative agency,

and its products are radio and television programs. Its sole reason for existence is to create and distribute varied, well balanced, and excellent programs to all Canadians in the two broadcasting media. It may be possible for a manufacturer of automobiles, newsprint, or flour to manage his production from an office situated at some distance from the actual point of manufacture. But the manufacture of programs for radio and television is a very different enterprise. It is a creative process that cannot and should not become standardized and routine. It is not susceptible to control by general written rules; each program is different from the next, or should be, and no one can know in advance whether a particular program will be a success or a failure. To increase the proportion of successes and reduce the number of failures, the administration of program production should be flexible, imaginative, and able to make changes as quickly as they are needed.

The creative task rests primarily on the producers of radio and television programs, but they need guidance and decisions from the senior officers of the organization who are ultimately responsible for its products. There is not only the physical problem of communications—the difficulty of conveying questions requiring senior decision through a maze of administrative officers and committees, and of getting back an answer that is both speedy and authoritative; even more important is the need for senior officials who make programming decisions to be in touch with the cultural forces that influence and determine the formation of programs. To make competent and acceptable program-policy decisions, and to create confidence in them, senior officials of the CBC should have their feet in the cultural soil of Canadian life. They should be able to see the creative process at work every day in production studios, rehearsal halls, design studios, staging shops, and newsrooms. They should be in frequent touch with producers, writers, artists, and designers within the creative departments of CBC, and in the outside world. They should be in a city with an active cultural life, providing a steady exposure to the creative arts and the active world of business. Ottawa is the seat of government, but it is not a centre of business and economic life, nor are the writers and musicians and other creative people there in substantial numbers.

Possibly the point we are making can be more simply explained by analogy. We are unable to conceive of the Columbia Broadcasting System being run from a head office in Albany or Washington. We doubt whether the BBC could be effectively administered from Winchester, or the French broadcasting system from Orléans.

At all levels of the CBC, we found dissatisfaction with the relations between the two main production centres, in Toronto and Montreal, and the headquarters in Ottawa. We were told by producers of both the English and French networks that they were conscious of the chasm between them and CBC headquarters. One put it vividly when he said "It is a relationship of 'we' and 'they'." Another said they regarded the General Manager of the network as the 'ambassador in Ottawa' of the production centre, not a part of it. Similarly, several senior officials of the CBC in Ottawa spoke of the difficulty of maintaining close contact with the production centres; they are dissatisfied with the results of their efforts to do so. They talked of a 'three-way split' in the organization. Despite visits to the production centres, they are compelled to rely mainly on written reports, and the task of keeping up with and answering written enquiries tends to make personal visits more difficult and less frequent. We are convinced that the location of the CBC headquarters in Ottawa is one of the main reasons for the lack of cohesion we found in the CBC organization.

Although we believe there should be more decentralized production of programs for both the French and English networks, making better use of the CBC production facilities scattered across Canada, it is certain that the main television and radio production centres will continue to be in Toronto and Montreal for many years to come. It is there that the necessary creative people are concentrated. There can be no question of moving all production to one or the other place, or of selecting some neutral location as a single production centre; thus there has to be a split, with all its undoubted difficulties of maintaining contact and communications. But we think a two-way split would be better than the three-way split that exists today.

There are two possible arguments for having the CBC headquarters in Ottawa, divorced from the culturally active production centres in Montreal and Toronto. One is that it might make contact with Parliament easier and more effective. The other is that the coordination and integration of the French and English operations of the CBC might be better done on neutral ground. We find that, in practice, CBC headquarters in Ottawa has been notably unsuccessful in achieving either of these objectives.

Relations with Parliament have become deplorably inadequate. There is little contact between CBC Management and Members of Parliament and little attempt to interpret the purposes of the CBC to parliamentarians—to admit its mistakes and defend its achievements. Members of

Parliament generally lack information about the CBC, and do not fully understand what it is trying to do. It may well be that the preoccupation of headquarters officials with many other tasks has prevented them from giving adequate information about the CBC to Members of Parliament and establishing relations of understanding and confidence with them. This essential task might be better done by a small expert staff in Ottawa, freed from other administrative duties and physically separated from the headquarters organization.

We regard the exposure of the French and English cultures to each other as one of the primary tasks of the CBC, and it has not done this successfully in the past. The several reasons given for this failure by senior officials of the CBC seem, as we have said, to be inadequate. We suspect that an important reason was the location of the headquarters in Ottawa—remote from and out of touch with the places where most of the changes in Canadian life and attitudes are taking place.

The General Managers of the two networks live and work in Ottawa and the main reason for having them there seems to have been to enable them to coordinate the activities of the two main production centres into a truly national service. In practice the interchange and coordination between them has been minimal; each has been so busy keeping in touch with the distant operations for which he is responsible, that they have been unable to maintain close contact with each other and they conduct largely separate and independent operations.

The same comments apply to other senior officials at headquarters who are responsible for the unity and cohesion of CBC operations. It is for them to bring the two networks and the two main production centres together. This is not an administrative job; it is a creative job. It can be done only by the development of programs that will explain and interpret each culture to the other. The senior officers responsible must be in close and intimate contact with programming, and they should be working where these cultures can be seen and felt and understood. We believe that this task cannot be done successfully in Ottawa, remote from the centres of CBC program production and Canadian cultural life.

If the CBC headquarters is to move from Ottawa to one of the two main production centres, a choice must be made between Toronto and Montreal, for clearly Toronto must remain the main production centre for the English networks and Montreal for the French.

We do not find the choice a difficult one to make. It is clearly in favour of Montreal. Montreal, if it is not the largest, is certainly one of

the largest production centres in the world for broadcast programs. If it is desirable that senior officials of the CBC should be in daily contact with the production process, they can certainly have adequate exposure to it there. Montreal is also a city with large and growing cultural resources, and the two national languages and cultures meet there more completely than in any other city in Canada.

Obviously, if the move is to be made, it is desirable that the new headquarters be physically housed in the same building as the production centre. Space for headquarters staff should therefore be included in the planned consolidation of Montreal facilities when the present plans are being extensively revised, as we recommend in Chapter 11.

The location of the CBC headquarters should be a broadcasting decision—not a political decision. It is our best judgment that a move from Ottawa to Montreal is necessary, and that it will have extensive and beneficial effects on CBC efficiency, staff morale, and internal cohesion. We believe it will be no more difficult and probably easier to maintain close contact with Toronto and other production centres from Montreal than it is from Ottawa. The advantages of having senior officials in close daily touch with the production process will be enormous. There should be some saving in administrative costs, by the elimination of certain duplication of staff functions. Internal communications will be easier and more rapid.

We hope that this proposal will be considered on its broadcasting merits, free of narrow political considerations and factors of local civic pride. We are convinced that Ottawa is the wrong place for the administration of the publicly owned broadcasting system and that Montreal is the best place. A move to Montreal will undoubtedly induce a new vitality and sense of reality in the operations of the CBC.

*We recommend:* That the present headquarters building of the CBC in Ottawa should be given up, and that the headquarters of the CBC should be moved to Montreal and located in the new consolidated facilities there.

# 8

## CBC ORGANIZATION

*This box must be kept bottom upwards—top marked ‘bottom’ to avoid confusion.*

(Handling instructions seen in a railway station in India)

### INTRODUCTION

The internal organization of the CBC falls within our terms of reference under several headings. Specifically, we were asked to make ‘an appraisal of the studies being made by the Canadian Broadcasting Corporation of its structural organization’. More generally, we were asked to recommend any necessary or desirable changes in the broadcasting statutes, to inquire into the financing of the CBC and into its consolidation projects, and to study the relationship between the Government and the CBC insofar as the administration and financing of the corporation are concerned. All these general references would call for an examination of the CBC organization and administrative procedures, even if there had not been the specific instruction to appraise the internal organization studies.

In the course of our inquiry, we received extensive and detailed written information from CBC Management about the organization of the Corporation. We had lengthy discussions with senior officers, and with individuals and groups at various levels of the staff. We also received valuable comments and suggestions from interested outside groups.

A detailed organization study of the kind a firm of management consultants might make was, we felt, beyond our terms of reference. How-

ever, our financial advisers (with the assistance of their associated firm of management consultants) examined, in some detail, television program production efficiency in Montreal, Toronto and Vancouver, and administrative staff efficiency at Montreal, Toronto and head office.

We found a widespread concern, both within and without the CBC, as to the capacity of the present organization to promote efficiency, to avoid waste, and to maintain staff morale. From all the evidence, we gained the impression that the CBC lacks cohesion, unity, and *esprit de corps*. It lacks easy and confident internal communications. There is extensive complaint that it is overburdened with a multiplicity of administrative procedures which obscure clear lines of authority and seriously delay and impede decisions.

The fact that there is this widespread concern about CBC administration does not, of course, prove that the anxiety and criticism are well founded. But the fact that the concern exists and is widespread is in itself something that must be taken into account in a review of the Canadian broadcasting system and the place of the CBC in it. It is undoubtedly true that the very rapid development of television over the last thirteen years has required a rapid expansion of the CBC staff, and this has caused serious problems of creating an efficient administrative structure and adapting it to changing circumstances. It is also true that certain limitations on salary scales were imposed by Government decision and allowed to continue for too long; for these, the CBC cannot be held in any way responsible. In addition, the absence of long term financing for the CBC has made staff planning, recruitment and training more difficult.

To comply with our instructions, we must first appraise the studies made by the CBC of its organizational structure. In this way, we may be able to form a judgment as to the validity of the widespread concern and criticism of the CBC organization that we have noted. Then we should go on to discuss future organization and administration in the light of other proposals in this report.

If we are right in assuming that the period of rapid growth of the CBC's physical structure is now over, if our recommendations for some consolidation of production facilities and the location of the CBC headquarters are implemented, if our suggestions as to the public regulation of the Canadian broadcasting system are accepted, and if our proposals for long term financing of the CBC are adopted—then, it should be possible to devise a more appropriate, simpler, and more effective administrative structure for the CBC, which would restore co-

hesion and morale to the organization and open the door to significant improvements in efficiency. At least, it is likely that the administrative structure that will be appropriate if our major recommendations are accepted will be a quite different structure to the one existing today under different basic conditions. Attention is thus directed less to criticism of past methods and arrangements and more toward the organization appropriate to future conditions as we believe they should be.

In doing so, we cannot attempt to draw a new detailed administrative chart of the CBC organization. The detailed staff organization of an enterprise as large and complicated as the CBC has become, and the filling of individual positions with competent officers, are tasks for senior management. All that an advisory committee can do is to suggest general guidelines and criteria which, subject to Government decisions on policy, should facilitate a reorganization of the CBC.

#### INTERNAL ORGANIZATION STUDIES

When this Committee was appointed on May 25th, 1964, the 'internal organization studies being made by the CBC', which we were instructed to appraise, were nearing completion. They were being made by a group that came to be known as the President's Study Group (PSG), consisting of five CBC men and one outside consultant.

We immediately arranged with the President of the CBC to be kept advised of the progress of the study, and asked that we be given copies of the PSG report in the form it was submitted to him, together with any comments the Management or Directors of the CBC might care to give us on the proposals therein.

The PSG report was submitted to the President on or about September 1st, 1964, and extended to 92 pages of text, with voluminous appendices and charts. A 70-page commentary dated September 24th, 1964, was prepared by Management for the Directors of the CBC. These two documents (the former annotated by Management) were submitted to us on October 9th, 1964, together with a shorter statement setting forth the "decisions reached by the Corporation" at a meeting of the Board of Directors in Quebec City on October 1st to 3rd, 1964. At that meeting, the Directors accepted the recommendations made by Management, including a number of important deviations from the organization proposed by the PSG.

Since we had been specifically asked by the Secretary of State to appraise the PSG studies, and since the decisions of the Board rejected

several important PSG recommendations, we wrote immediately, on October 14th, to the President suggesting that he should carefully consider the wisdom of proceeding with any reorganization before our appraisal of the studies was available. We suggested that, in view of the obvious danger of confusion and damage to the organization in making changes that might need to be revised or reversed within a few months, CBC might well consider waiting a little longer. We made it clear that whatever the CBC decision on immediate reorganization might be, we would carry out our instructions to appraise the studies, and would not regard any reorganization as a *fait accompli*. We also stated that we wished to discuss the PSG studies with the President and his senior colleagues, and also with members of the PSG itself.

Our suggestion that it would be wise to postpone a reorganization was rejected in a letter from the President dated November 2nd, 1964. He was confident that our assessment of the proposed changes would convince us that the measures to be adopted were both appropriate and adequate.

We feel we did everything that could be done in the circumstances to prevent any major reorganization being undertaken while a committee was engaged in considering this very subject on specific instructions from the Government. As it turns out, we find that in certain important respects the measures adopted by the CBC in October 1964 were neither appropriate nor adequate. If our recommendations are accepted, radical changes will need to be made soon after an extensive reorganization, an undesirable result which could have been avoided by the Management and Directors of the CBC.

Apart altogether from our appraisal of the PSG report and the treatment of it by the CBC, it should have been obvious that a thorough examination of the whole Canadian broadcasting system was likely to affect decisions on the future organization of the CBC. It would have been wiser had the Management and Directors waited until they knew what was expected, and then proceeded to establish a suitable organization to perform the tasks assigned to them.

### *The Glassco Commission Studies*

To understand the work of the President's Study Group, it is necessary to look at the studies of the Royal Commission on Government Organization which preceded it and brought it about.

In September 1960, the Glassco Commission began its comprehensive study of the organization and operations of departments and agencies of the Canadian government. Over the next two and a half years it conducted an intensive examination of the major departments, and also studied the forms of organization and efficiency of a number of agencies and Crown corporations, including the CBC. The Glassco Commission established a Project Group for detailed investigation of the CBC, headed by Mr G. H. Cowperthwaite, FCA, of Peat, Marwick, Mitchell & Company, chartered accountants and management consultants. He was assisted by six other experienced men; three were drawn from his own firm, two were businessmen associated with large Canadian corporations, and the sixth was Mr Henry Hindley from the staff of the Glassco Commission, who has rendered us great assistance as secretary of this committee during the preparation of this report.

We arranged to have access to the working papers of the Project Group and found them valuable to our consideration of the CEC organization. But we were mainly guided by the published report on the CBC by the Glassco Commission, which is No. 19 in its series. This does not go into questions of broadcasting policy, but confines itself to 'the suitability of the present form and organization of the CBC to its role, and to the quality of management it brings to its task'. The Special Parliamentary Committee on Broadcasting in 1961 had recommended that, after receipt of the Glassco Commission report, consideration should be given to the advisability of commissioning management consultants to inquire further into the operation of the CBC. The Glassco Commission did not undertake such a detailed investigation and appraisal, but sought to lay down guidelines for the adjustment of the CBC's internal organization.

Report No. 19 of the Glassco Commission must be summarized briefly. It recognizes and pays tribute throughout to CBC accomplishments in providing Canadian audiences with broadcasting services of high quality. In two early sections it deals with the general lack of adequate direction and guidance by Parliament and the Government, and with the suitability of the structure of the Board of Directors for the supervision of the Corporation. These subjects arise for discussion in other parts of our report, but the view of the Glassco Commission may be noted that the lack of official guidance and the statutory structure make the task of organizing and administering the CBC more difficult.

As to organization and management, the Glassco Commission expressed general dissatisfaction. It concluded that the headquarters staff was too large and excessively preoccupied with secondary matters rather than with the primary business of the Corporation to produce and broadcast radio and television programs. It noted that the recommendation of the 1957 Royal Commission that a single executive be given clear authority over the broadcasting function had not been implemented. It found a profusion of committees to deal with the ordinary business of Corporation management; policies were formulated and decisions taken by groups rather than individuals. There was 'no effective central control over broadcasting and an over-zealous control of secondary activities'. 'Many of the present troubles and difficulties would be resolved, and the speed of business accelerated, by an extensive decentralization to the regions and a more rational distribution of the control of ancillary operations at headquarters and throughout the organization'. It concluded that 'the incoherence of the organization is not a consequence of complex activities; it is due to a failure to analyze them and provide for their coordination on tried and established principles'. It speaks of 'confusion in lines of responsibility and authority'; the need to reduce engineering staffs and activities, restricting them to technical areas directly related to broadcasting and using outside architectural, constructional and other general services; the need to build up a stronger sales organization under a General Sales Manager, divorced from regional and network management; and the need to adopt sounder budgetary procedures.

The Glassco Commission reported the CBC's 'management and form of organization have proved unequal to the task of securing the orderly conduct of operations in the face of the pressures brought about by rapid expansion' and went on to recommend that an 'extensive reorganization to secure efficiency and economy in its operations' should be undertaken by the Corporation after its future role and purpose had been more clearly defined.

This report produced a rather violent and certainly lengthy response from the CBC, extending to 118 typewritten pages. These comments go into great detail, but it is unnecessary to analyze the individual points made with vigour and some sharpness in the CBC argument. It may be summarized by saying that it rests on the French maxim '*C'est le résultat qui compte*'—since the Commission had found the resulting programs good, nothing much could be wrong with the organization and its administration. There is an underlying theme that no outside group can

possibly understand the complexities of broadcasting and the appropriate organization for dealing with them; this task must be left to the broadcasting experts—which means, in effect, to the officers of the CBC. This may be an understandable attitude from men who are dedicated to their jobs and confident in the rightness of their decisions, but it is a somewhat arrogant position for those in charge of a publicly owned corporation to take. At all events, when the Government decides that a Crown corporation would benefit from a review by an independent commission or committee, there is likely to be ample reason for doing so, and the answer to such a review is unlikely to be effective if it rests on colourful and violent assertions that the investigating body was ignorant, unsympathetic, or ill informed.

In response to the Glassco Commission report, the CBC took the position that no major reorganization of the CBC was required. The possibility was admitted that some 'marginal improvement in organization, methods and performance' might be possible, but one of the real problems of CBC organization and operations was 'a matter of appearances'. It was a 'paradox' that an agency engaged in communications seemed to have failed to perfect its internal communications; and perhaps outside consultants, presumably in the public relations field, might be of assistance in working with Corporation personnel. Any idea of 'a wholesale management-consultant type of study' was rejected. Instead, it was proposed to set up in the office of the President an internal group consisting of five or six CBC officers, with an outside consultant, to 'analyze, assess and recommend on CBC organization, operations, administrations, and internal communications' according to a detailed task list defining the scope of the inquiry. So the CBC was to have its organization and administration studied by an internal group, by men who knew Canadian broadcasting from the inside. This was the President's Study Group (PSG) whose studies we were instructed to appraise.

### *The President's Study Group*

The original members of the Group selected by the President were:

M. A. Harrison	—Executive Assistant to the President;
W. D. Ross	—Supervisor of Organization Planning at CBC headquarters;
D. C. West	—Director of Budgeting at CBC headquarters, and formerly Director of Operations Control;

S. R. Kennedy —Regional Director of the Maritimes Division, formerly Regional Programming Director, and previously station manager at Halifax;

John Langdon —Assistant Director of Television Operations in Toronto, and formerly Coordinator of Television Operations;

Maurice Pilote —Director of Divisional Services for the French Networks and Quebec Region.

After the terms of reference were drafted, it was felt that the Group would be strengthened by the addition of a man from outside the CBC with experience in large organizations. Mr R. J. Shirley, a partner in Woods, Gordon & Company, management consultants, Toronto, who had worked on the staff reorganization of the Ontario Hydro, was added to the Group after meeting the President and the Board of Directors. Mr Pilote died during the course of the study before the report was submitted. Mr Langdon was killed tragically in the crash of an airplane at St. Thérèse in November 1963, and his place on the group was taken by Mr D. J. Tasker, in charge of Employee and Talent Services in Toronto.

This was a group with wide and varied experience within the CBC. Together they had devoted over 100 years of their lives to the Corporation and could only have been interested in its strength and improvement. Their backgrounds in broadcasting were varied, and represented both headquarters and regional experience, and they were reinforced by the knowledge and experience of a highly qualified management consultant, expert in organization problems. It would be difficult to find a more sympathetic and knowledgeable group of inquisitors for the CBC. Its members were seconded from their regular duties to devote full time to the study, and work began in October 1963.

The terms of reference for the Group drafted by the President during the summer of 1963 and approved by the Board of Directors were:

"To analyse, assess and recommend on CBC organization, operations, administration and internal communications as per the following task list which may be amended from time to time in the light of the study's findings" (A detailed task list followed outlining the broad scope of the inquiry under these headings;—organization, centralization and decentralization, delegation, operations, communications, administration)

It was clearly a wide and comprehensive study that was entrusted to the Study Group. In the words of the President in his announcement, it was to be "a study with a difference—of the CBC, by the CBC, and for the CBC".

The PSG began its work with lengthy interviews with the President to define the terms of reference. These contacts continued as the study progressed throughout the following year. A systematic and consistent series of questions was developed to cover the main heads of the inquiry, and 300 CBC officials were interviewed, including nearly all the senior executives and many others down to the supervisory level, both at headquarters and in the regions. To avoid bias, interviews were generally conducted by men from headquarters in the field, and *vice versa*. The interviews ranged from Newfoundland to British Columbia, and there was active and willing cooperation at all levels of the CBC.

It is apparent that the PSG began its inquiry with the impression that its task was mainly to seek minor improvements in a generally satisfactory organization. The President said in an early memorandum to them "it is quite clear . . . that, in fact, no major reorganization of the CBC is required. The ultimate test of any organization is that it does its job well, and there is no question on this point. Nevertheless, it is equally clear that there is always room for marginal improvement in organization methods and performance, to accomplish our objectives". This approach was accepted by the Group as valid at the outset. However, as their interviews proceeded they became convinced that the troubles of the CBC were more deep-seated, that frustration and low morale within the CBC staff were pervasive, and that a more fundamental reorganization starting from first principles was needed. There is no apparent reason why a well disposed and diverse group of CBC officials should change their original views, unless they had convincing evidence that their original assumptions were invalid. It would have been much simpler and easier for them to confine themselves to "marginal improvements". But they became convinced that more had to be done, and in discussion with the President in December 1963 the scope of the inquiry was somewhat extended.

As the attitudes of the Group changed, so also it seems did the attitudes of senior management to the Study. As the drafting of the report proceeded and its scope and direction were reported, senior officers of the Corporation became increasingly critical of the competence of the Group and of the extent to which it was going in the report. All was apparently not turning out as they had expected.

After conducting the 300 interviews on a planned and consistent basis, the PSG proceeded to identify the problems of organization disclosed by the interviews. It submitted a statement of corporate objectives to Management for approval, to ensure that understanding of these basic

objectives was correct. The chief issues to be discussed in the report were distributed among members of the Group for drafting and then submitted to full, lengthy, and vigorous discussion by the whole Group. Mr Shirley, the only outside member, who has had extensive experience in large-scale organizations as a management consultant, told us that he had never seen a more serious or detailed study of an organization.

Representatives of the PSG met with the senior officers of the CBC on three occasions in April, May and June of 1964. These were lengthy discussions extending over at least one full day and sometimes two days. A draft report, including most of the appendices to their report, was submitted in mid-August 1964. The purpose was to obtain a feed-back of comment and criticism of the draft, and to draw upon the experience of senior officials. This procedure was largely unsuccessful, because it was ordained that the draft report should be discussed only with the President and not with other senior officers at headquarters.

The PSG report, extending to 92 typewritten pages and 166 pages of supporting material and charts in appendices, was submitted on September 1st, 1964. Copies of the report, with Management annotations on facing pages indicating agreement or disagreement with the Group's comments and recommendations, were submitted to the CBC Board of Directors a week or ten days before their meeting on October 2nd and 3rd, 1964, in Quebec City, together with a 72-page memorandum entitled 'The Comments of Management on the President's Study Group Report'.

The Directors did not meet with the full Group, but Mr Shirley and Mr Harrison were asked to come to Quebec and were called into the Directors' meeting for separate brief interviews. They report that there was little discussion of individual issues and recommendations, and no general presentation of the report to the Directors was requested. In the result, the Board of Directors accepted, without change, the reorganization proposals made by Management, which differed in a number of material respects from the recommendations of the PSG, and decided at a meeting in November 1964 to proceed with the proposed reorganization, despite the suggestion in our letter of October 14th that implementation might well await our report.

The consideration of this important matter by the Board of Directors may have been unfortunately timed, for the meeting on October 1st, 2nd, and 3rd, 1964 was the second last meeting of the Board before the statutory retirement of five of its nine part-time members. One

would have thought that an extensive reorganization might wisely have awaited the appointment of five new directors who would comprise a majority of the new Board to be responsible for the CBC organization for several years. In any event, we should emphasize that the five new directors are in no way responsible for the decision in October 1964 to proceed with the reorganization, or for the form it took. When they took office a couple of months later, that decision had already been taken and the form of organization determined.

### *Comparison of Glassco and President's Study Group Studies*

It is interesting to compare the reports of the two most recent studies of the CBC organization—one by an outside group, the Glassco Commission, the other by an internal group of CBC officials appointed by the President. There are many similarities in the two reports.

While the words used may differ, the Glassco Commission and the President's Study Group agreed on the following eleven points:

- (1) There is need for more effective corporate leadership.
- (2) Areas of responsibility and lines of authority are imprecise, resulting in poor internal communications.
- (3) Confusion as to staff functions has damaged staff morale and caused frustration.
- (4) Line management of broadcasting operations has been divided rather than unified under a single executive; the General Managers of the Networks are too remote from the operations for which they are responsible.
- (5) At headquarters, supervision of administrative, technical, and supporting services is grouped irrationally.
- (6) The organization is not sufficiently decentralized.
- (7) Line and staff relations between headquarters and the field are not generally understood.
- (8) Headquarters authority is often resisted or disregarded in the regions.
- (9) Headquarters control over the planning of programs is inadequate.
- (10) The intermingling of network management with local operations at Toronto and Montreal has caused organizational disarray and insufficient attention to program services.
- (11) The sales organization lacks precise objectives and is without separate direction, being administered by officers involved also in programming.

In addition the President's Study Group reached four other general conclusions, not specifically mentioned by the Glassco Commission:

- (12) The program production potential of the centres other than Toronto and Montreal has been underrated or neglected.
- (13) At the production centres there is lack of coordination of the elements involved in program production, and this is a cause of friction.
- (14) There is need for better and more rapid reports to management.
- (15) There is an urgent need for staff training and development.

It is significant that two groups, after long and detailed study, have separately reached very similar conclusions on so many aspects of the CBC organization. Whatever may be said about the Glassco Commission, the President's Study Group cannot be accused of a lack of knowledge and experience of the complicated mysteries of broadcasting. It reached many of the same conclusions as were reached earlier by an outside group of investigators.

Generally, we were impressed by the competence and value of the President's Study Group. The methods used in its investigation appear to be sound and its work was careful. It was in no sense a superficial study. No doubt any such study will deal with many matters on which there can be valid differences of opinion as to details, where the choice of method is a matter of preference or expediency and does not involve any question of principle. On some questions the PSG found that it could not provide final answers in the time available, and recommended that further studies should be undertaken. On a number of these, the CBC has properly launched special investigations.

## CONCLUSIONS

We believe that the fundamental concept of corporate organization recommended for the CBC by the President's Study Group is sound. It called for extensive changes in the existing CBC organization. Many of the more important recommendations were rejected in October 1964 by Management and the Board of Directors. The reorganization then undertaken was considerably less extensive than the PSG recommended, and did not effectively deal with the organizational problems and needs of the CBC. We are convinced that much more comprehensive and fundamental changes in the organization are required if the

CBC is to achieve greater efficiency and excellence, better cohesion, and restoration of staff morale.

We do not think we should attempt to discuss all the recommendations in the very comprehensive and detailed PSG report. Some have already been adopted; others are matters for continuing attention by Management, which they are now receiving. On some important issues that we have examined, we do not always agree with the PSG proposals. We might or might not have disagreed within the context of the broadcasting system as it existed at the time of the PSG study, but certainly in the different context we propose in this report for the Canadian broadcasting system and for the CBC, some of the PSG recommendations have become inapplicable and irrelevant.

In these circumstances, we shall deal only with a few salient problems of organization, leaving it to Management to work out the details of reorganization that may be appropriate in the new context of the broadcasting system and the role of the CBC within it that may emerge from implementation of other recommendations in this report.

### *Senior Administration of CBC*

The Broadcasting Act of 1958 provides for the appointment by the Governor in Council of a President and Vice-President of the Corporation. Section 24 declares that the President is the chief executive officer and has supervision over, and direction of, the work and staff of the Corporation. The same section states that if the President is absent or unable to act or the office is vacant, the Vice-President has and may exercise all the power and functions of the President. This is the only definition of the duties of the statutory Vice-President in the Act. He is apparently regarded as a stand-by official—something like a spare tire on a car—to be used only in cases of emergency, and without any defined and continuing function of his own. Quite naturally, under such a statutory provision, the Vice-President is shown on the organization chart of the CBC in a block with the President, and acts as his *alter ego* to perform assigned functions on his behalf, or in his absence. While the President and Vice-President are both members of the Board of Directors, their appointments are not made by the Board, and their terms of office and salaries are fixed and beyond the control of the Directors. Moreover, the selection of the statutory Vice-President is not even subject to the approval of the President, or made on his recommendation. It would be quite possible, under the present

statute, for an incompatible and unsuitable Vice-President to be appointed without consultation with the President, who might thus be saddled with an uncongenial man as his closest colleague for a seven-year period.

We think this method of appointing senior officers for a public corporation of the size and importance of the CBC is quite unsound. It is an unworkable arrangement.

The Royal Commission of 1957 proposed that the CBC should be under the management of a President, a General Manager, and such other executive officers as might be appointed by the Board of Broadcast Governors. It suggested that the Governor in Council should make the first appointments to the offices of President and General Manager (since the BBG did not then exist) and fix their salaries in the first instance; thereafter the Board, with the approval of the Governor in Council, was to appoint and fix the salaries of the President and General Manager.

These proposals in 1957 may not have been as detailed as they should have been, but at least the titles suggested the need to have two senior officers in charge of the CBC, one who would be the chief executive officer and the other the chief operating officer of the Corporation. Both were to be directly subject to the control and direction of the Board responsible for broadcasting, which could fix their remuneration and, if necessary, dismiss them and replace them.

The Glassco Commission, the President's Study Group, and several recent parliamentary committees on broadcasting have similarly insisted on the need for a clear distinction between policy and operational responsibility, and their division between the two most senior officers of the Corporation. In the present statute this has not been done. By Section 24 of the Broadcasting Act, the President is responsible for the supervision and direction of all the work and staff of the Corporation. There has been some attempt in job descriptions in the CBC to have senior officials deal with the President on matters of policy, and the Vice-President on current operations and matters of day-to-day management. However, in practice, the President has personally dealt with matters of any real significance, leaving the Vice-President to exercise influence in peripheral or subsidiary areas of interest, or in specific matters assigned to him by the President. Under the present statutory arrangements, this was a natural and probably inevitable result.

It has meant, as a glance at the top-organization charts will show, that the President and Vice-President (who are grouped together) have

had ten major departments, and under the reorganization of October 1964 now have twelve major departments, reporting to them jointly. In addition they are involved in several top-level management committees, and are responsible for the work of the Board of Directors, of which they are members. This is a cumbersome and antique form of organization at the top of a large corporation. To have a number of senior officials reporting directly to two men jointly is inefficient. There is no clear division of authority between the two which would enable them to divide their responsibilities in a way that is both rational and generally understood.

The President's Study Group recommended the adoption of a 'two-tier' organization at the summit of the CBC. It urged that there should be a clear distinction and separation between the functions of long-term planning, overall policy, and outward relations, and the functions of current operations. The PSG proposed that headquarters divisions involved in basic policy and long-term planning should report directly to the President as Chief Executive Officer; those concerned principally with current operations should report to a newly created Chief Operating Officer, who would be directly responsible to the President for all current operations. The concept might be generally summarized by saying that the job of the Chief Executive Officer is to look outward and upward, and that of the Chief Operating Officer is to look inward and downward.

The response of Management to these proposals was to admit that "there is a certain blurring between the two functions" and that efforts had recently been made to "sharpen the line of demarcation between the function of the Chief Executive and that of his Deputy". But, it was said, there is need of flexibility and the practical effects of this proposal would provide little relief for the Chief Executive. Management, with the approval of the Directors, rejected the two-tier proposal of the President's Study Group. They added two new boxes to the ten already in existence on the organization chart (with some minor rearrangement of functions between them) and made all twelve respond jointly to the Chief Executive Officer and his deputy. They chose to rely on informal arrangements between the two present incumbents of the offices of President and statutory Vice-President to achieve a greater separation of functions, and proposed that the Vice-President should carry out the chief operational function in addition to his responsibility under the Act. Both officers admitted to us that the action taken in October 1964 had

made little difference in their functions or relationship, and was little more than a clearer definition of an existing situation.

We think that the concept of a two-tier organization at the top level of an organization as complex and diverse as the CBC is sound. Whatever advantages of informality and flexibility may result from having all headquarters divisions reporting to two men jointly, they are outweighed by the lack of clarity and certainty in the lines of authority and responsibility. It is not good enough for the chief executive and his deputy to know how they mean to divide the work, and internal job descriptions for senior officials will not substitute for a clear-cut division. Each senior official must know to whom he is responsible, and the total task is larger than one man can handle; there must be a division of primary responsibility.

It is not sufficient for the man at the head of a large organization to do some things very well indeed. He must choose and concentrate on those functions that are essential, and assign responsibility for the implementation of his basic policies to one or more assistants. He cannot do everything himself.

We believe that the CBC needs two men at the top level of management—one a chief executive officer with the title of Director-General with primary responsibility for the long-term planning and overall policy and outward relations; the other, a chief operating officer with the title of General Manager, responsible to the Director-General for all current operations of the CBC. The present position of statutory Vice-President should be abolished.

The Director-General should be responsible to the Canadian Broadcasting Authority. As a practical matter, in the first instance, the appointment of the Director-General may have to be by the Governor in Council, but as soon as the CBA is constituted, the Director-General should come under the immediate control of the Authority and be subject to its decision as to his continuance in office. We suggest that decisions to remove a Director-General and replace him with someone else should both be taken by the Authority, with the approval of the Governor in Council. If the Director-General is absent or unable to act, or if the office falls vacant, the CBA should designate an Acting Director-General, to hold office until it makes a new permanent appointment. The appointment of the General Manager should be by the CBA on the recommendation of the Director-General, who should have a right to choose his closest colleague. Adequate security should be provided for both the Director-General and the General Manager, not by

appointing them for a fixed term but by contractual arrangements with the Authority. The ultimate responsibility for selecting these two senior officers, determining their remuneration and, if necessary, dismissing them should rest with the CBA.

### *Qualifications of the Two Senior Officers*

The two most senior officers of the CBC should both be familiar with the two official languages of Canada, not to give lip-service to bilingualism but because they cannot do their jobs without being familiar with both English and French.

The choice of the Director-General of the CBC for the years ahead is of crucial importance. As the chief executive of the public sector he should have a deep understanding of its place in the whole Canadian broadcasting system, and be able to plan and guide its development in the next few years. No doubt a technical knowledge of the broadcasting media or actual experience in the creation of programs would be an advantage, but neither is essential. For the CBC to fill its true place in Canadian life, the man responsible for its policies and forward progress must know Canada extensively, its present problems, and its future possibilities as a nation. If the CBC is to be one of the principal architects of the Canadian nation, its chief executive must know national problems and devise policies for the CBC that will assist in finding solutions for them. He must be able both to win support for these policies from Parliament and the public, and to convey the purposes of the CBC to the creative people within this large and scattered organization who, in the last analysis, are the only ones who can translate policies into actual practice.

The essential qualities for the Director-General of the CBC are an extensive and sensitive knowledge of Canadian conditions, an ability to communicate CBC policies outward to Members of Parliament, to interested Canadian organizations and to the general public, and—even more essential—to the producers, writers, designers, and other creative people within the organization. The CBC is perhaps unique among Canadian institutions in the degree to which its chief executive must be able to establish personal contacts and confidence with the people who produce the products of the Corporation. Despite of repeated claims for freedom and independence in their creative efforts, we are convinced that they want and will accept guidance and direction. But it must be a personal guidance and cannot be reduced to written rules

or conveyed from the chief executive through a lengthy chain of command. For the manufacture of a physically standardized product it may not matter if the man who decides policy is remote from the men who produce the goods; it may not be necessary for the president of a paper company to know the chief machine-tender on the paper machine, for necessary instructions can be handed down in writing. But the chief executive officer of a broadcasting enterprise cannot be remote from the producers of television and radio programs. This is a creative process, and the producer must have ideas of his own about what and how he produces. To bring these ideas into line with corporate policy there must be direct and personal contact; it is not sufficient to write it out; it must be discussed and argued and explained. This necessarily imposes a heavy obligation of the Director-General to travel extensively and establish personal relationships with the creators of programs, and requires that their access to him should be easy and frequent.

The choice of the proposed General Manager is almost equally important. He must not only be capable of administering a large and far-flung organization; he must undertake an extensive reorganization of the existing structure in the CBC. If he is to efficiently manage an organization that is to be substantially different from the present one, he should be responsible for recommending the changes to be made; they should not be made first and a general manager selected later.

Being responsible for the day-to-day operations of CBC and for the execution of its broadcasting policies, the General Manager must also maintain close personal contacts not only with broadcast production staff but also with the many other diverse skills employed by the CBC. Direct broadcasting experience may not be essential for the General Manager, but he must have an understanding of and sympathy for the creative process. He must also administer a very complex and unusual organization. It would be an advantage if he had experience in the administration of large organizations and knowledge of the considerable body of management principles and techniques that have been developed in recent years. No one would suggest that the reorganization and administration of a specialized agency such as the CBC should be governed by a textbook on management theory and practices. But, as the Glassco Commission pointed out, there are some 'tried and established principles' of organization that can be applied. It may be that, at least for the initial and extensive reorganization of the CBC that is necessary, the General Manager might find it valuable to have

the assistance of management consultants familiar with modern theories and the techniques of large organizations.

The desirable qualifications for the two senior officers of the CBC obviously overlap, but the emphasis is different. While both should maintain close contact with the creative people in the CBC, the Director-General communicates policy and explains future developments and plans, while the General Manager is more concerned with the efficient implementation of policy. Both should have extensive cultural interests, but for the Director-General the emphasis should be on the broader questions of Canadian development and its significance for the CBC, while for the General Manager the emphasis should be on administrative experience and ability. The two titles accurately reflect these different emphases. Clearly, there should be a high degree of compatibility between the two, and for this reason we have suggested that the Director-General should choose the General Manager, subject to the approval of the CBA. Clearly also, the qualities required from both officers are in high demand and will command substantial salaries to be determined by the Authority.

### *The Form of the CBC Organization*

We regard the selection and appointment of the Director-General and the General Manager as the essential first steps in the reorganization of the CBC, and we were tempted to leave our discussion of CBC organization at this point. Certainly we cannot attempt to re-draw the organization chart or define a suitable administrative structure for the CBC. This is primarily a task for the Director-General and the General Manager. As everyone with experience in large organizations knows, the solution of a particular problem must be geared to the people available and involved at a given time. An arrangement that will work satisfactorily with one group of executives may not work with another, or may be thrown out of balance by the replacement of even one member of the group by someone of different experience, temperament, or mother-tongue. The most that should be attempted in a report of this kind is to indicate the broad lines of organization that might be followed, leaving it to senior officers to develop the details.

One general comment can be made. For a broadcasting organization such as the CBC, we believe that as flat a pyramid as possible should be preferred. Wherever the several lines of authority are too long and meet only after passing through a number of intermediate officials, conflicts between different branches involved in a decision take too long to be

resolved. There has been a tendency in the CBC, whenever a problem arose, to introduce liaison officers and coordinators to deal with it. This adds yet one more rung to the administrative ladder, which may look reasonable and logical in the organization chart but delays decisions and frustrates operating personnel.

In any large organization—especially one where the product is not standardized and quick resolution of disputes is needed urgently—effective lateral coordination must be achieved by personal dialogue and agreement. By that we do not mean by committees, formal or informal, or large *ad hoc* meetings of all who are even remotely concerned. We are convinced that more coordination can be done by the protagonists themselves, in a five-minute telephone conversation and regular confrontations at not too infrequent intervals, than by fifty liaison officers or coordinators working at it full time or by any number of formal or informal committees or meetings. While each officer must clearly understand his duties and know to whom he is directly responsible, many disagreements can be resolved quickly near the point at which they arise, by informal consultations in a lateral direction rather than by relying on strict vertical reporting along lengthy lines of authority which meet at an officer remote from the point of dispute. This organizational practice should be more extensively encouraged than it seems to have been in the past.

#### *Other Senior Officers at Headquarters*

There are today, and there is an obvious need to continue, a number of headquarters divisions to deal with specialized services related to the overall functions of the CBC. These major divisions should, according to their primary functions, respond directly to either the Director-General or the General Manager. Those with functions principally related to forward planning and development should respond to the Director-General. Those primarily concerned with operations should respond to the General Manager. This division of the headquarters departments between the two senior officers would reduce the number for which each would have immediate responsibility, and would underline the primary function of each headquarters division. We believe that this is a matter for the Director-General and General Manager to work out in establishing the two-tier headquarters organization that we think is desirable.

While it may seem a minor point, the titles given to the heads of divisions at headquarters may be important. The nomenclature of commercial corporations has been adopted and there has been a proliferation of vice-presidents in the CBC. There are ten Vice-Presidents at the moment, all situated in Ottawa. While the labels given to offices may not be conclusive, it seems better to us to select simple descriptive titles and preferably those that do not copy the practices of private corporations, as CBC is a different kind of corporation. For this reason we favour the title of Director-General rather than President for the chief executive officer of the CBC. If there is no president, there can hardly be one or more vice-presidents. We think the simple descriptive titles—Director of Finance, Comptroller, Chief Engineer, Sales Manager and so on—would be more appropriate.

The choice of the small group of senior officers at headquarters is next in importance to that of the Director-General and the General Manager. Undoubtedly in the past the appointment of senior officers has been seriously inhibited by the salary ceiling imposed by the remuneration set by the Governor in Council for the President and statutory Vice-President. Certain of the needed senior officials require skills that are in demand from private business, and it has been almost impossible, given the salary ceiling established, for the CBC to attract men from outside. To fill these senior appointments, CBC Management had no choice but to appoint from within the organization, and this has resulted in too much inbreeding in the headquarters group.

It is also a fact that the rapid development of television has not been reflected in the senior headquarters staff. There are some officers who had experience many years ago in radio but few, if any, with direct experience in the new and dynamic medium of television. We have argued throughout this report that the two media are essentially different, and should have separate and distinct treatment. Naturally, as radio was the older, the claims of seniority tended to cause the selection of senior officers with experience in radio but without direct experience in television. This has not even resulted in adequate attention to radio as officers were compelled to cope with the new and unfamiliar techniques of television; nor has it resulted in an adequate number of senior officials with direct knowledge of the newer medium.

Now that the pioneer stage of television is over, serious efforts should be directed toward bringing into the small headquarters group experienced, and perhaps younger, men in close touch with television and

modern radio techniques. There seems to be a need for new fresh blood in the headquarters organization.

Any large organization goes through distinct stages in its development, and there are periodic occasions when it is necessary to make difficult and quite painful readjustments in the senior organization to adapt to changing needs. At a time of rapid expansion, there may be no alternative but to make do with whatever talent is available, and men may be assigned to tasks for which they are ill suited or become less than adequate as conditions change. When the pioneer stage in the life of an organization has passed, it is often necessary to reappraise the officers thrown up during the early hectic years and determine their suitability and adaptability to the needs of the future. We suspect that the CBC is facing such a situation today concerning its senior personnel. This reappraisal is undoubtedly a difficult and perhaps distasteful task for the Director-General and General Manager to undertake, but we think it should be undertaken soon.

The fact is that organizations change and the qualities required from their senior officers change also. What may have been suitable and adequate qualifications during a period of early growth may become unsuitable and inadequate to meet the needs of an established organization. When this occurs it is not sufficient to shift men around from one position to another or to create a new position with a new title for someone who has really become redundant. We think that the CBA should authorize the Director-General and General Manager to make suitable provision for the retirement of officers who are no longer adequate to meet present needs, with due recognition for long active service they have given, rather than always to try to find another place for them. We think also they should be authorized to bring on new men, preferably from within the organization, at salary levels that will enable them to recruit outside if necessary.

### *Network Management*

The broadcasting operations of the CBC across Canada involve three distinct horizontal layers of activity—national, regional and local. National operations are mainly concerned with the networks, which reach by far the largest audiences. At the regional level, there are functions of coordination and regional common services to be provided, and also some regional networks to be managed and serviced. At the local level, it is principally a matter of station management, which involves the procurement of non-network programs and the transmission and

continuity of programs throughout the broadcast day. In addition there are the production centres across the country which contribute CBC programs to the networks and regions and stations. We believe that these natural horizontal levels of broadcasting operations should be more effectively recognized in the next reorganization of the CBC than they have been in the past.

The organization of program production is discussed separately and in greater detail in the next chapter of this report. At this point, we need only endorse the recommendation of both the Glassco Commission and the PSG, that the English and French network managements should be separated, organizationally but not geographically, from the management of the Toronto and Montreal regional operations and production centres. At present, in Toronto, network and area management are weirdly mingled with local production and national common services. In Montreal the complications are even worse; for the English-language radio and television stations and production centres are under the direct management of the French Networks and Quebec Region, but are subject to program supervision and control by the English Networks from Toronto. The reorganization attempted in the fall of 1964 did little to correct this situation and indeed added some further complications, except in News and Current Affairs where Management initiated proposals not specifically recommended by the PSG but apparently sound in principle.

Network management need have nothing to do with the physical aspects of broadcasting, other than arranging for transmission facilities. Programming is the principal activity of the networks, and it is basically a procurement function. In effect, all programs must be contracted for, either by purchase or commission, from CBC production centres, or from independent producers, or from other broadcasting systems. Networks are concerned with programming policy, program procurement, scheduling, and we think they should not be in control of CBC program production, which is only one of many sources for the programs the networks carry. The National Program Supervisors should be concerned with the acquisition of the most varied and excellent programs for the networks, from whatever source they can be obtained, instead of addressing their attention almost exclusively to CBC production in Toronto and Montreal. Even from within the CBC there is ample evidence that the program production capabilities of the other regions have been neglected, and one of the main reasons for this neglect seems to be the fact that network management, at the level of the National

Program Supervisors, has been under the direction of the regional managements in Toronto and Montreal. We do not agree with the claim of CBC Management that network programming and production cannot be separated; the separation has been efficiently accomplished by other broadcasting systems, notably in the United States, where the networks operate quite independently of the program producers.

At present the Vice-Presidents and General Managers of the English and French networks are stationed in Ottawa. These two network divisions are situated in Toronto and Montreal respectively. The men in charge of these two major programming divisions are physically remote from their staffs, and each has a deputy living in Toronto or Montreal to handle day-to-day administrative duties.

This is not an unfamiliar problem in the management of a large corporation in Canada where important operating departments are physically situated at a distance from headquarters. The officer responsible for the operation must run it, and must also keep in close touch with headquarters and overall corporate policy. A choice must be made for his home base and, whichever it is, he must travel in one direction and the other frequently. The sounder choice and the one most usually adopted in Canadian practice is to have an officer in charge of a major operating division located where his principal work is and where his staff are situated. For example, we doubt whether the Bank of Montreal would have the head of its Ontario division living in Montreal; he is in Toronto. Similarly, we think that the man in charge of the English networks of the CBC should be in Toronto, and the man in charge of the French networks should be in Montreal. Obviously, the latter move would automatically take place if our proposal to move the CBC headquarters is implemented. In that event, is it conceivable that the man responsible for English network operations in Toronto could be based in Montreal? We think the answer to this question indicates the unsoundness of having these two important operating officers based in Ottawa, if the headquarters remains there, even though they obviously must keep in close and frequent touch with each other, and with other headquarters officials.

### *Programming*

The PSG recommended a strengthening of the corporate programming function through a vice-president of programming. It spoke of the need of "clear corporate leadership in programming to ensure that the Corporation achieves its national purpose". From its annotations to the

PSG report, Management found some difficulty in understanding the functions of the Vice-President, Programming, and we share Management's perplexity concerning this proposal. Is this a staff function or a line function? If it is a line function, what does the Programming Vice-President do that cannot be done by the managers of the English and French networks at the national level, or by the regional and local managers at their level? If it is a staff function, how can a Programming Vice-President with no executive authority over the programmers ensure the achievement of the national purpose?

However, it seems unnecessary for us to attempt to answer these questions or to appraise this somewhat vague proposal of the PSG. It was considering a reorganization within the context of the existing broadcasting system and the place of the CBC within it. We must consider the needs within the context of our proposals for the Canadian broadcasting system generally and for the CBC in particular. We start with a proposal that the Broadcasting Authority should, as its primary function, be responsible for determining the standards of quality and variety of the radio and television programs that reach Canadian receiving sets. To implement these policies and to develop them in detail, we propose that there should be two senior officers of the CBC—the Director-General responsible for forward planning and development, and the General Manager responsible for execution of policy as it is currently laid down. Then we recommend that there should be a manager of the English networks in Toronto, and a manager of the French networks in Montreal; and we have said that the principal activity of network management should be the procurement of programs, divorced from broadcasting operations and program production.

If these several and integrated proposals concerning programming are implemented, is there a need to interpose at headquarters a programming generalissimo for the CBC? We do not think so. If such a senior official occupies a staff position, to give advice upward to senior management and downward to those engaged in programming, he is without power or authority to implement his advice. If he is to have a line position, with authority to execute his decisions, another level in the hierarchy is introduced, which is undesirable. The President told us that the CBC has a Vice-President of Programming, whereas most other broadcasting organizations do not have such an officer. The other organizations may be right.

For Canada, the one special function for which a senior programming officer might be required is the coordination of English and French

program content on radio and television. We think that this desirable coordination will not best be achieved by interposing a senior officer at headquarters. It should be done by lateral coordination between English and French specialists—drama, music, light entertainment, news and current affairs and so on. There is a pressing need for much more lateral communication at the producing level within the CBC.

### *Separation of Sales and Programming*

The PSG recommended the separation of sales from programming at all levels, and the appointment of a General Sales Manager at the corporate level with responsibility for network and national selective sales. The Group recognized that the primary function of the CBC is to provide a public service, and that its commercial activities are subsidiary to that service. But it recognized the fact that commercial activity is a part of the Corporation's mandate and should be efficiently handled. It noted that the sale of programs not only reduces the burden of public broadcasting on the national treasury but gives access to some programs necessary to a properly balanced schedule which are available only on a sponsored basis; it is the means for providing support to affiliated private stations that carry the national service; and it provides industry with national advertising media for which there is a substantial and growing demand.

Our own consultants also reported on CBC commercial activities and commented: "In view of the magnitude of the commercial activities it is surprising to discover that no one person has prime responsibility for directing and co-ordinating them". They noted that market research was virtually non-existent in the past and is still slight. They concurred substantially with the views expressed by the Glassco Commission that "the potential sale of cultural programs to prestige advertisers is not being fully explored".

The response of Management to the PSG proposals for the organization of CBC commercial activities was oracular. It admitted that "the present combination of Programming and Sales under one authority, both at the corporate staff level and in the operating divisions is an oddity in the commercial world". Management said that probably "an aggressive sales leadership, separate from programming, would force CBC commercial revenues upwards". It feared that gains in "achieving the secondary commercial objective of the Corporation might well be at the expense of the primary objective of CBS programming"; "a

separate aggressive sales group, of necessity working on some kind of incentive plan, could not resist the opportunity of maximizing CBC commercial sales as well as their personal revenues, even at the expense of minimizing at the same time CBC's ability to carry out its primary purpose—public service." Accordingly Management proposed to defer a decision until the scale and nature of its future activities had been reviewed by this Committee.

We find these arguments unconvincing. They amount to a deliberate policy of being "an oddity in the commercial world" in order to restrict efficiency and vigour in a secondary but clearly designated responsibility, so as to prevent any interference with a primary responsibility. In other words you do one job rather badly so that another and more important job cannot be affected.

In any event, we are now reporting on commercial activities by the CBC. In Chapter 12, we recommend that the CBC should continue to seek commercial revenue from both television and radio; we set minimum targets at 25% of the television market and 4% of the radio market; and we assume the achievement of these targets in proposing long-range financing for the CBC. We think, therefore, that there is now no valid reason for the CBC to delay any longer in setting up a more rational sales organization under a General Sales Manager responsible to the General Manager.

Because previous recommendations as to the commercial activities of the CBC have been persistently misconstrued, we should emphasize that this is *not* a proposal that the CBC should become more commercial. We agree that commercial activities must always be secondary to the duty of the CBC to provide a public service. The levels of sales activity that we propose are *not* expansions beyond present levels. But we believe that these levels should be maintained, and that sales activities should be competently and efficiently managed. It is a task for senior management to see that such activities do not get out of hand, and that secondary objectives do not interfere with the achievement of the primary objective of the Corporation.

### *News and Current Affairs*

One initiative taken by the CBC in the reorganization undertaken in October 1964 deserves special mention and commendation. It was a step that was not specifically recommended by the PSG, but Management proposed and the Board of Directors accepted a plan to place

News and Current Affairs at each of the two main production centres in Toronto and Montreal under a single officer responding directly to the appropriate General Manager at Headquarters.

This is undoubtedly the most sensitive area of programming, which must rely on the integrity, competence, and sensitivity of the man actually on the air. News must be accurate and lively; news commentary must be objective and dispassionate. Current Affairs programs must be topical and there is little if any opportunity for pre-editing. If a man has to go on the air to discuss news or current affairs and has any doubt about the corporate implications of what he will say, he must have immediate access to the highest levels of management for guidance and direction.

The recent reorganization of News and Current Affairs seems to meet these needs. While it has been in operation for only a few months and there are questions still to be resolved, it seems to be working well. In this area at least, the idea of having 'a flat pyramid' and shorter lines of authority seems to be effective. We commend the CBC for making this change.

#### RECRUITMENT AND TRAINING

On one matter concerning the CBC organization there seems to be unanimous agreement. The evidence from all sides indicates that CBC recruitment and training policies are woefully inadequate.

In many submissions by groups within the CBC—staff-producers, announcers, newscasters, and others—we were told of the lack of training programs within their particular fields, and the resultant increase in costs and degradation of program quality. They suggest that adequate recruitment policies are lacking, and that little effort is made either to train new appointees or to retrain older staff men in rapidly changing techniques. These deficiencies were noted in virtually all departments of the organization, not only in the program production area but for administrative, management, and clerical staff as well. This lack of training was also noted by our financial consultants and is mentioned in their report (Appendix A).

The PSG made special mention of the need to introduce a more comprehensive program of staff training, particularly at the supervisory level. It noted that limited efforts in this regard had produced useful results, but more needs to be done. It recommended that a special study should be undertaken within the CBC to identify training needs

and prepare proposals for training programs. Management, in its comments on the PSG report, stated that it agreed fully with these conclusions and recommendations, and we understand that a special examination of training needs is being undertaken.

The reason given by Management for being late in this respect is that they "had to attend to first things first—but whatever new demands are made on the Corporation we can't delay the development of training programs any longer". Management added that "if we had not sustained yearly operational budget reductions of one or two millions we should have started our formal training establishment some years ago". It is true there have been cuts in the budgetary requests made by the CBC to the Government, but reductions were not made in specific items, only in the total annual operating grant. It was a Management decision to eliminate the proposed training program rather than reduce other items of expenditure.

We find it very difficult to understand this odd view as to what things *are* first in the scale of priorities. We should have thought that, in a large and rapidly growing organization, adequate staff training would have been regarded as one of the first things to receive attention and money.

There are many precedents and examples in other broadcasting organizations. We were greatly impressed with the high priority given to staff training and the extent and variety of training programs in the British Broadcasting Corporation.<sup>1</sup> It has had a Staff Training Department since 1936, which conducts courses in the techniques and practices of radio and television broadcasting for general staff, and also has a separate Engineering Training Department for technical staff. The BBC regards this as a central responsibility and its declared aims for these Departments are:

- (a) to train newly recruited staff;
- (b) to increase efficiency and to save costs;
- (c) to develop operational reserves in particular categories of staff.

In 1960, according to the Pilkington Report<sup>2</sup> the BBC provided at its training centre for program and administrative staff 95 courses of 29 different kinds for over 1,150 staff members and 138 guests. By 1964 the training program had been expanded, and more than 2,000 staff members passed through the Staff Training Department, taking over 50 different courses. The British program also includes a School

<sup>1</sup> BBC Handbook 1965, p.p. 148-9.

<sup>2</sup> Report of the Committee on Broadcasting (1960), p. 193.

for Secretarial Training where more than 1,000 girls receive training of various kinds each year. These well developed programs of the BBC might well serve as a model for the necessary training programs of the CBC, suitably adapted to Canadian circumstances.

We must add a word about the need for more vigorous recruitment policies in the CBC. There has been no systematic drive to acquire new young blood for the Corporation. There has been a major shift in the age distribution of the Canadian population, with the number of young people under 30 increasing substantially, but this population shift has not been reflected in the staff of the CBC, which is not attracting its share of gifted young people. Public broadcasting should be an attractive and rewarding career for young Canadians, but there is little evidence that it is so regarded. In the result, not only do young Canadians miss the opportunities that the CBC can provide, the CBC itself is a loser. It is missing the new ideas and new talents that youth can bring to its service. This is something that needs active attention.

#### THE LIMITS OF EFFICIENCY

In this chapter we have discussed only a few aspects of the CBC organization, and have at times been critical of what has been done and what has not been done. We should not leave the subject so as to give the impression that organization can all be done with charts—or with mirrors. Organization is essentially a question of people and the way they are selected and handled. A perfectly logical and completely tidy organizational chart will not work unless the right people fill the boxes. Conversely, with suitable and adaptable people, a quite irrational organization chart will sometimes work surprisingly well.

The point was well put, in a slightly different context, by the late Hon. George Nowlan, who was one of the great supporters of public broadcasting in Canada. Speaking in the House of Commons in 1958<sup>1</sup> he said:

“You cannot legislate good broadcasting; that is impossible. You can have the best Act in the world, and if the right personnel are not appointed . . . then the Act will be a failure. On the other hand, you can have a poor Act, and obtain the very best results because of the personnel who are selected.”

We think it might be a sound idea to have both a good organization and good personnel, but the latter are undoubtedly more important.

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<sup>1</sup> Hansard, 1958, p. 4046.

It can be said with considerable truth that, whatever its organizational shortcomings may have been, the CBC has produced good programs—perhaps not as good as they should be or can be, but relatively better than most other broadcasting systems have produced. We accept this argument as generally valid, but it is not a final answer.

It is far from certain that the level of excellence can be maintained if the organizational clutter is allowed to continue. If the form of organization is causing frustration and low morale, good people will leave and the level of performance will fall. Much more important, if it is possible to produce such good programs with a cumbersome and inadequate organization, what could be produced with one that is efficient and vibrant?

The only question that causes us some worry in this connection is an odd one. For ordinary material products, there is little doubt that the more efficient the organization, the better the results that will be achieved. But does this principle apply to the creative activity of a broadcasting organization? How much does the creative process depend on the confusions and irritations and frustrations of poor facilities and an inadequate organization?

There is an amusing story by Ludwig Bemelmans of a brilliant writer who worked in Greenwich Village amid incredible noise and confusion, and produced original and successful plays. He was invited to Hollywood and provided with every mechanical assistance in sound-proofed quarters, and was unable to write another word.

Perhaps the truth is that completely ideal facilities and a perfect organizational structure could produce an atmosphere so antiseptic as to make creative work impossible; but too much physical or organizational clutter inhibits creative effort. We think it unlikely that a completely ideal organization for the CBC will be devised. Any changes or improvements will probably preserve quite enough frustrations and irritations to leave a spur to creativity. We suggest that this risk should be faced and a comprehensive reorganization of the CBC undertaken.



# 9

## TELEVISION PROGRAM PRODUCTION

«*Que dites-vous de lui?*»

«*Que de son cuisinier il s'est fait un mérite,  
Et que c'est à sa table à qui l'on rend visite.»*

Jean Baptiste Molière (*Le Misanthrope*)

### THE ART OF TELEVISION PRODUCTION

One of the most disturbing facts that have come to our attention during the course of this inquiry is the evident lack of *rapport* between the senior management of the CBC, both at head office and at the two network headquarters, and the creative people, the artists, who devise and produce the programs that do so much credit to the Corporation, that win so many international prizes, and that are so frequently cited as evidence that there can be little wrong with the organization.

Several representations to the committee have drawn attention to the fact that the broadcasting experience of the topmost CBC executives was, almost without exception, acquired in radio. Here, it is said, lies the root-cause of the inability of Management to comprehend the expressions and ideas of the creative people on whom it relies for the quality of its television programs. We do not believe that this is the only cause, but the proposition certainly merits examination.

The early radio-men, working in an entirely new medium, had but two sources of programming on which to draw—the phonograph and the press. The first radio programs comprised only news and com-

mentary with music to fill in the gaps. Anyone could announce the title of a recording, even the journalists who were attracted in large numbers to the new medium, many of whom are now at the top of the broadcasting tree. As the range of radio programming broadened, new production techniques developed. It was soon found that a well placed orchestra sounded better live than second-hand on a recording. In radio drama, actors were carefully selected on a basis of voice-differentiation so as to identify them to a listening but unseeing audience; it did not matter what they looked like, for sound had to substitute for sight just as mime stands in for speech in classical ballet. Brilliant improvisations were developed to put this limitation to use, as prosthesis has been developed to mobilize or improve the appearance of the disabled. But a glass eye is an irrelevance to a man who has two of his own; the specialized arts of radio can cripple television.

Radio programming, which seeks to inform, enlighten, and entertain through the ear alone, is a folk-art—the twentieth-century reincarnation of the town-criers, the bards, the minnesingers, the troubadours, and the court jesters. Television programming derives not from radio but from the theatre, with assistance from the movies. This is the reason why radio and television programming must be treated separately on their respective merits; this is why television is better suited to serve all the people than radio, and why radio has naturally tended to serve the special needs of some of the people. The two media are loosely referred to as 'broadcasting', but they are like Siamese twins, linked together forever by a technical accident but utterly different in thought, temperament, and mode of expression. The art of radio has deep traditional roots. Television is an art of the future.

#### THE ELEMENTS OF TELEVISION PRODUCTION

Any discussion of CBC programming and production is always in danger of being wrecked by semantics. Television, although a prolific begetter of technical terms, has not yet acquired a precise administrative vocabulary. The 'Director of Production' in one centre may have duties and authority quite different from those of the 'Director of Production' in another. When it is said, as it so often is, that 'programming' and 'production' are inseparable, it is hard to find two people who can agree on what is meant by these commonly used words. To radio-men in the early days, they were truly inseparable; for, in the simplest terms, pro-

gramming meant thinking of something to say, and production meant saying it. In television, again in the simplest terms, programming means procuring a program, and production means making it.

The difficulty is compounded by the fact that the administrative vocabulary of television, which is derived from radio, does not conform to that of the theatre, which is generally better understood. In the theatre, the producer of a play is the impresario who arranges for its presentation and hires a director to stage it; in television, the producer generally does what the director does in the theatre. The function of television programming is akin to that of the theatre impresario, while production involves the two distinct but interdependent elements that correspond to the ownership of the theatre and its standing facilities on the one hand, and the direction of the play on the other.

Theatre owners may, but are not obliged to, undertake the organization and financial risks of presenting plays. Many of them prefer to contract with an impresario for the use of the theatre and all its standing facilities, including technical staff; the relationship is limited to the run of the play, and the contract may differ from one presentation to the next. Similarly the impresario may, but is not obliged to, direct the actual stage presentation of the play itself. Usually, having selected a play that he wants to produce, and having contracted for the use of a theatre and its technical facilities and staff, he engages a director to manage the actual presentation on stage. The most successful impresarios are often those who give the director a completely free hand, within the limits of an agreed budget, to select the actors and the designer, to cut and rearrange the script, and to make use of the rented facilities of the theatre to the best advantage.

Here again, the relationship is limited to the run of the play. When the lights go down on the last night, the impresario may rent another theatre for another play, while the director, the actors, and the designer go off to regroup themselves with others of their kind for another production elsewhere. The theatre itself, and its physical facilities, together with the house-manager, the stagehands, the lighting men, the cleaners, the maintenance men, and the box-office staff, stand ready to be rented to a different group of impresario, director, designer, and cast for some new presentation.

There is a close parallel in the elements of television production. The CBC itself is in the position of an impresario who owns his own theatre, organizes and takes the financial risk of each presentation, and directs the play himself. It has its standing facilities—studios, technical

equipment, cameramen, technicians, maintenance men, stagehands, properties and wardrobe people, and so on—who provide commonly needed services to one production after another; these we shall call **Production Services**. The CBC searches for and selects or commissions programs, determines the order in which they are to go on the air, and picks a producer to direct the presentation of each; this is the function, and the whole function as we understand it, of **Programming**. Finally, for each program production there is a different grouping of the creative elements—the producer, the designer, the story editor, the script assistant, and the cast (or ‘talent’); these are the elements that constitute what we shall call **Production**.

In one respect the CBC goes further in its standing facilities, or **Production Services**, than is customary in the theatre. At each production centre most of the sets are made on the premises by CBC carpenters and painters, and most of the costumes by CBC tailors and dressmakers. This practice cannot be condemned out of hand, nor can it be commended or passed over in silence, for the effect is to add, perhaps unnecessarily, to the already complex burden of management.

#### ORGANIZATION AND CONTROL

From our many discussions with CBC officials and others concerned with television programming and production, and with producers especially, we are left in no doubt that the whole of the short history of CBC television has been marred by a smouldering dissatisfaction among producers, caused by what they sometimes regard as unwarrantable administrative interference in their artistic prerogatives; in actual fact, the point at issue is often no more than a difference of taste between the creator and the administrator. We are not speaking here of the sensitivity of producers, particularly those dealing with current affairs, to any improper pressures on program content of the kind that gave rise to the 1959 dispute over ‘Preview Commentary’ in Toronto. There is a continuing dissatisfaction that has its kindling in the various forms of organization and methods of financial control at the production centres, many of which—the producers claim—hinder them in the most effective and economical use of the studio and other facilities that are the tools of their trade.

Occasionally this slow fire bursts out into a blaze of resentment, the most notable instance being the lamentable strike of Montreal producers

in 1959. Whenever things get too hot, the instinctive reaction of CBC Management is to interpose a new supervisory level over the producers, thus separating them still further from direct contact with the senior officers who must make important decisions. Another favourite gambit is to appoint a liaison officer with obscure responsibilities which make normal lateral communications more difficult if not impossible. All too often the reorganization amounts to little more than a random shuffling of the organization pack, accompanied by changes of title and yet vaguer job descriptions. The blaze subsides, but the dissatisfaction of the producers smoulders on.

The reorganization in Montreal that followed the strike altered the vertical lines of authority and the lateral relationships between the three elements that we have defined as **Programming**, **Production**, and **Production Services**. Previously, **Production** and **Production Services** had been lumped together under common management responsible for planning and scheduling the use of production facilities, for assigning programs to individual producers, for supervising production, and for budgetary control. **Programming** had been a distinct and separate branch, responsible for procuring programs and scheduling their presentation, for setting and applying programming standards and policy, and for supervising the quality of CBC-produced programs.

It was this responsibility for program quality that was the chief cause of trouble, for **Programming** might be able to influence but could not direct or control the means to achieve quality; the authority to assign producers, story editors, designers, cameramen and other technical specialists to particular programs, to select the artistic talent, to schedule the use of production facilities and to control the program budget, lay on the other side of the house. For the producers, it was a case of 'pull Devil, pull baker'; for it was often not possible to comply with the standards required by **Programming** because the budget and facilities provided by **Production** and **Production Services** were insufficient. This situation also persisted until very recently in Toronto.

The new organization set up in Montreal in 1959-60, and in Toronto in 1964, purported to transfer authority over **Production** to **Programming**, leaving **Production Services** as a distinct and separate branch. But this time it was a case of 'out of the pan and into the fire'. **Programming** can now select the producer, story editor, and talent for each program, but **Production Services** still control the assignment of designers, cameramen, technical specialists, and facilities, and—*mirabile dictu*—the program budget. Thus the individual producer still has but

partial control, even within the limits of an agreed budget, over the means to achieve the effects he wants, and this is a recurring source of complaint.

We do not suggest that difficulties arise every day or in connection with every program, but the many instances that have been brought to our attention are sufficient cause for concern. We were told, for example, of a producer in one of the two network headquarters who found in an antique-shop a Victorian ottoman which, he judged, would of itself create exactly the right 'period' atmosphere for his production, and so enable him to cut back on the cost of the set and other properties; his requisition was rejected by **Production Services** on the ground that the ottoman was 'too expensive'; the result was that the 'period' atmosphere was less successfully suggested at greater cost, and the producer was blamed for exceeding the budget. Probably every CBC producer has, at one time or another, suffered vexations of this kind, which lead not only to a personal sense of frustration but to a loss of program quality.

Penny-pinching and red tape are not effective means to promote economy, because economy is not synonymous with cheapness. Economy, in its true sense, is a compound of effectiveness and efficiency. A program that fails to achieve the desired effect because costs are reduced by eliminating necessities, or because adequate means and facilities are inefficiently used, is not an economical production—it is a waste of money.

Accurate budgeting for television program production depends on two things—first, on the existence of engineered standards for the hourly cost of using each separate facility and service required for the production, and second, on the agreed judgment of **Programming** and the producer as to the number of hours that each facility and service will be used; and as to the number, nature, and cost of the cast, sets, and properties that will be needed to achieve the planned effect. None of these factors is absolute; each is a variable for which some flexibility must be provided, but none is an imponderable.

Thus, ideally, a budget should represent the amount that *ought* to be spent on a program. A substantial excess cost may have any number of causes which should be scrutinized in detail, so as to identify responsibility for the excess; but if the cost comes out at substantially less than the budget, there are only two possible inferences—either the estimates were right and the program failed in effect, or if the program did not fail in effect, then the estimates must have been wrong and the experience can be put to good use in framing the next budget.

This is an admitted simplification, for all is not black or white in judging the effect of a program; many run-of-the-mill programs are, in this sense, a very murky grey.

Our financial consultants were not commissioned to make a detailed organization study of the CBC but, because effective budgetary control and management reporting are infeasible if lines of authority and areas of responsibility are ambiguous, they were not able, nor indeed were they required, to eschew the subject altogether. They also spoke of the need for engineered standards in the interest of efficiency and as an essential element of budgetary control. Their comments in this regard are set forth in Appendix A, and we commend particularly to the attention of CBC Management those that deal with the assignment of responsibility for production costs.

Budgetary control for television production, as for any other activity, should not be restrictive but should be used as a standard of measurement and appraisal. A budget is a considered estimate, not a penny-pinching device. When all the component elements have been calculated and weighed, and the producer has agreed that it is possible and he is willing to produce the program effectively for the total amount of the budget, he should be given a reasonably free hand, and should be taken to task only if the program is of indifferent quality or if the cost of producing it has exceeded the amount stipulated. On no account should any attempt be made to enforce compliance with each of the component elements of the budget in particular. At present producers may well be tempted to over-estimate their requirements so as to give themselves some elbow-room for changes and adjustments made during the preparation and production of the program.

Only by fully delegating authority is it possible to demand full accountability for both quality and cost. It has been suggested to us, and we are inclined to agree, that programming would almost certainly be more excellent and cost less if the producer were given a reasonably free hand within the agreed budget; for, knowing that he can, within the limits of the total budget, adjust his resources so as to achieve the best effect, he will be that much less likely to succumb to the temptation of inflating his budget estimates to give himself some flexibility.

In a large and busy production center, where the work in hand ranges from numerous programs of modest dimensions and humble aspirations on the one hand to a 'special' costing perhaps more than \$100,000 on the other, it is obvious that confusion and waste can be avoided only by meticulous planning and insistence on strict discipline

in the use of scarce facilities and costly services. It is natural that producers should seek to secure for their programs only the most talented technicians, who must in practice be reserved for the most important productions. The run-of-the-mill programs afford the only opportunity for newcomers to learn their trade and for the inexperienced to improve their skills. There is really little choice but to parcel them out to the producers of less important programs on a basis of 'first come, first served'. Some element of choice resides in the size of each program budget and the scale of charges for facilities and services, particularly if the latter are graduated for quality; for a small program budget will prevent a producer from getting the best, because he cannot afford it. For the rest, it must clearly be left to **Production Services** to assign facilities and services to individual productions of a more modest kind, taking the requirements of **Production** into account as much as may be practical or expedient.

It seems likely, however, from what we have been told, that the proper insistence by **Production Services** on discipline in the use of resources and services may have been carried too far, especially as it is applied to larger and more costly productions, and that the reasonable requirements of **Production** have not always been taken sufficiently into account. It might therefore be worthwhile to re-examine the distribution of responsibility for production costs, as our consultants have recommended, with this factor in mind. For almost any but stop-gap programs, quality is largely determined by the artistic integrity of the production, and it may be that a rationalization of cost accountability would reduce the cost of more important programs while improving the quality, by allowing the best use to be made of the integrated creative ability of the producer and his cast and crew.

#### "MAKE OR BUY"

In the early days of radio, everything was new and much had to be learnt by trial and error. There was not much help to be had for engineering problems, and until tape became readily available, a radio production studio was necessarily a 'do-it-yourself' undertaking bolstered by music recorded on disc. The lessons learnt by the CBC in those early days seem to have crystallized into what J. K. Galbraith has described\* as 'conventional wisdom'—a confident but misguided belief that it is almost

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\* 'The Affluent Society' 1958, Houghton Mifflin Co., Boston, Mass.

always quicker, cheaper, and more satisfactory to make things oneself than to go to the store for them.

The advent of television, with its problems of staging for live productions and film, must have contributed to the development of the do-it-yourself philosophy. If film had to be made, it must be made at home; if sets and costumes were needed, carpenters, dressmakers and tailors had to be hired. Special requirements for the design of television studios seemed to call for the addition of architects and construction engineers to the already large technical engineering department.

Today, it is at least open to question whether the CBC does not lose more than it gains from this policy, which entails limitations on private enterprise that may not be in the public interest. If a Crown corporation which appears to the outside world to have virtually unlimited resources is the largest user by far of a particular product, and insists on making it rather than buying it, the effect can only be to inhibit the natural growth of an industry to manufacture that product for other potential users. Today, for example, the CBC and the National Film Board together dominate the film industry in Canada, such as it is, while the Government is busily seeking ways and means to stimulate and support Canadian feature-film production by private enterprise. We are informed that the CBC inventory of sets and costumes in Montreal and Toronto alone is valued at almost \$1.5 million, and that 90% or more of the fabrication budget for these items is spent in its own workshops. It might perhaps be suggested that if more had been spent outside, there would now be a more adequate Canadian staging industry to serve the rapidly developing performing arts groups that will, it is hoped, justify the construction of the many new opera-houses and theatres on which millions of dollars are being spent in connection with the Centennial celebrations.

This is not a simple problem for the CBC, and we do not think it can be resolved by generalizations. But there are some aspects of the information given to us by the CBC and others which suggest that the time may have come for the CBC to re-examine its 'make-or-buy' policy in the light of the rapidly changing film-making and theatre activities in Canada today.

### *Film Production*

We asked the CBC whether it believes that it has any responsibility toward the private film industry in Canada, and what proportion of film production it felt should be contracted out to the industry.

The reply to the first question was that "since the inauguration of its television service in 1952 the Corporation has taken the position that it should provide a substantial measure of support and encouragement to the private film producers in Canada." This was later amplified by a statement that, subject to certain practical limitations, "the Corporation has contracted out the major portion of its film production dollar. For a number of years this was maintained at approximately 75/80 percent outside to 25/20 percent inside."

We tried to find out just what this really meant in terms of dollars and cents, but were told that "there is no 'annual budget' for film production", and that "telefilm production is integrated with other production in the CBC." We were, however, given figures showing "the cost of keeping on staff film editors and film cameramen and, in Toronto, the film production department", which were hedged about with many qualifications culminating in the statement that "the direct costs attributable to film production would thus be lower than those shown". We have no way of knowing how much lower, or what the indirect costs may have amounted to, and therefore no precise figures are possible.

*It is* possible, nevertheless, by weaving one's way through the maze of figures, to deduce that in the three years ended March 31st, 1964, the portion of the CBC film production dollar that was contracted out was nowhere near 75/80%. It could hardly have been more than about 50%, and of that around one fifth went to the National Film Board.

In reply to the second question we were told "in the light of present conditions the CBC does not feel that it can state what proportions of its film production should be done with inside and outside facilities. The matter is currently receiving careful study with a view to determining the best way of supporting private industry and how to make the best use of all available facilities, whether CBC or private." We were also told "the Corporation accepts the view that feature films are the real testing ground for creative and artistic abilities. A strong and respected feature film industry in Canada could attract performers and creative personnel of international reputation. Nevertheless today's economy seems to require that an entertainment film industry be founded and sustained on television series . . . A private company that produces an outstanding television series has partly solved most of its problems."

In the light of this statement, and having regard to the fact that the Government has announced its intention to foster and support a Canadian feature-film industry, it is remarkable that the CBC "cost of keeping on staff film editors and film cameramen and, in Toronto, the film production department" should have risen by more than 50% in the five years ended 31st March, 1964, from \$1,960,000 to \$2,983,000. We would suggest that the "careful study" that the CBC says it is making "with a view to determining the best way of supporting private industry" might well be expedited and brought to a conclusion.

### *Design and Staging*

The CBC is renowned for the high quality of its graphics, and many of its graphics designers have achieved an international reputation. It has been less successful with regard to staging design, and has suffered some loss of talented designers to the United States and Europe. A possible underlying cause may be the practice in most CBC production centres of lumping Design in with Staging under **Production Services**. Thus the designer is apparently regarded not as an artist but as a craftsman, along with the carpenters and dressmakers and wardrobe and property people.

Here again one is up against the fact that the general run of television programs does not call for, because it cannot afford, the highest degree of creative ability. If sets and costumes are to be made in CBC workshops, it is obviously handy to have someone around who can draw, and he is accorded the title of 'designer'. In the course of time his seniority may earn him promotion to the position of 'Head of Design and Staging', and he may then take precedence over any young designer, however talented, when an important production comes along. Nothing is more stultifying to a creative undertaking; nothing is more certain to close the door to new artistic talent.

We believe that it might be worth while to examine the possible advantages of separating the Design and Staging activities. It is not essential for them to be under the same immediate direction, for it is common practice, in the CBC as elsewhere, to employ freelance designers who are interested only in designing and have no bent for carpentry or dressmaking. If the CBC designers were taken out of **Production Services** and placed in the **Production** channel of command, there

might be better opportunities for talented young designers to blend their skills with those of the other creative people concerned in the production of television programs.

With regard to the actual staging and costuming activities, we were given the following statement of CBC 'make-or-buy' policy: "It is the Corporation's policy to obtain Design and Staging services in a way that will provide optimum economy while at the same time meeting deadlines, programming exigencies, and quality and skills standards. This policy is not restrictive as far as outside suppliers are concerned providing the foregoing factors are met. However, the Corporation does not feel that it is called upon to foster a private Design and Staging services industry where none presently exist." In another statement we were told "it has been our policy that whenever a new design and staging requirement has developed in the country to review outside availabilities and use them if possible." We were also told that 88-90% of the budget for costumes and 96% of the budget for set construction, approximately, was used for inside production.

Here there is indeed a dilemma. When new requirements developed with the opening up of television production in Ottawa, Edmonton, St John's, or Quebec City, it is not surprising that the CBC review of outside availabilities was abortive, for none of these cities, with the exception of Quebec, has any resident professional theatre. But when theatre companies do develop, as they almost certainly will, they are unlikely to enjoy adequate staging services, because the largest user, the CBC, is running its own. It appears to be a typical chicken-and-egg problem.

But we cannot help wondering how searching the review was that the CBC undertook, and whether it should not be repeated periodically in each city where the CBC has production facilities. We have been informed by knowledgeable people that most display companies are quite capable of building sets but few get enough business to keep a qualified designer on staff. The same principle must surely apply to the making of stage costumes. It is at least open to question whether the CBC, instead of setting up its own design and staging facilities in these new production centres, might not have saved itself a lot of trouble, and perhaps some money, by hiring a designer competent to cope with run-of-the-mill requirements, backstopping him with freelance designers for important productions, and contracting out all the carpentry and dressmaking and tailoring.

## *Conclusion*

It was not our responsibility, under our terms of reference, to examine these matters in detail, and our study has not been made in sufficient depth to enable us to do more than arrive at some unanswered questions. We think they deserve answers. A detailed and continuing inquiry is necessary into all the factors that must be taken into account, and the CBC should subject its current 'make-or-buy' policy to a searching review in the light of the facts disclosed.

It is understandable that the CBC may question the proposition that it is under an obligation to foster and support this, that, or the other industry, on the ground that it is responsible solely for broadcasting and should be allowed to get on with the job in its own way. But, independent as it may be, the CBC is a Crown corporation that spends a great deal of public money, and in doing so it cannot entirely disregard the national interest in relation to industries connected in one way or another with broadcasting.

But there is a much more important factor involved for the CBC itself. As a matter of internal economy, contracting out wherever possible has much to commend it, even if the direct cost is somewhat higher, because it simplifies management and administration. Every new activity taken on that could be contracted out involves dealing with more people, more unions, more materials, and more figures. As an organization, the CBC is complex enough already and should grasp at any device, within reason, that will simplify the administrative burden.



# 10

## SPECIAL SERVICES

*So many worlds, so much to do,  
So little done, such things to be.*

Alfred, Lord Tennyson (In Memoriam)

### THE INTERNATIONAL SERVICE

Canada was among the first dozen countries to engage in international broadcasting, for the CBC International Service (CBC-IS) was constituted by Order in Council in September 1942. At that time, through the agency of the Wartime Information Board, an active contribution was being made to the propaganda battle, and there was clear need for an effective counterblast to the powerful barrage of German broadcasts so highly valued by the Nazis. Today, with an annual budget of \$1.8 million and a staff of 150, the approach is quite different.

Broadcasting to overseas audiences is still, and will always be, an indirect promotional aid for Canadian foreign policy. But it is also a direct means to other important ends: the projection abroad of a Canadian image that reflects the nature of the country and its people, their policies, beliefs, and tastes; the development, for potential immigrants and tourists, of an interest in Canada as a good place to live in or visit; the promotion of international trade for Canada, which is the fifth largest exporting country in the world; and the maintenance of a personal link between Canadians and their relatives and countrymen overseas.

Since television became the prime focus of attention, radio has taken second place, and many people are unfamiliar with the heavy traffic on the shortwave frequencies. But television, which Canadians now regard as almost a necessity of life, is still an exotic luxury to most of the peoples of the earth; more than half the television receivers in the world are in North America, and most of the rest are in Europe. In the densely populated and rapidly developing parts of Asia and Africa, listening to broadcasts from abroad is an everyday experience for those with radio sets, particularly the young men of better education who are the present opinion-makers and future leaders of their communities. Sales of radio sets are increasing at a spectacular rate (Table 10.1), but this is still a trade which has an almost bottomless potential market.

Already, more than 140 countries are broadcasting to foreign audiences. Like all the great and middle powers, many developing countries find good reason to spend money for this purpose, however limited their resources; there are a dozen or more in Africa alone, and both Egypt and Ghana hold higher places than Canada on the list of countries broadcasting internationally (Table 10.2).

It will be observed that we have used here a table taken from the British Broadcasting Corporation Handbook for 1964, which shows Canada in nineteenth place out of twenty-two countries listed. We were unable to use the similar table from the 1965 Handbook, which includes only countries undertaking 200 or more hours of external broadcasting a week, and thus did not include Canada. Of the countries listed, Australia, North Korea, the Netherlands, Cuba, Portugal, Ghana, Israel, and Yugoslavia each has a smaller population than Canada and a lesser volume of international trade.

It is difficult, if not impossible, to measure the effectiveness of external broadcasting. International audience-research is costly and beyond present financial means, but there is a substantial body of indirect evidence that CBC-IS is heard and appreciated by significant overseas audiences. Despite the modest scale of the operation and the defectiveness of the present signals, we were assured that the Service is well known and respected by the authorities responsible for the external broadcasting of several major western powers.

Table 10.1—WORLD RADIO AND TELEVISION RECEIVERS

## Sound Radio Set Ownership

	Population 1963	Number of Sound Radio Receiving Sets			Sound Radio Set Ownership		
		1955	1963	Percentage Increase 1955/1963	Number of sets per 1,000 Population 1963	Wired Broadcasting Number of Receivers 1963	Television Number of Receivers 1963
<b>EUROPE</b>							
Western Europe.....	362,000,000	65,308,000	101,750,000	56	281	2,500,000	38,500,000
USSR and Satellites.....	325,000,000	20,260,000	41,000,000	102	126	36,500,000	12,500,000
MIDDLE EAST (including North Africa).....	118,500,000	2,200,000	9,000,000	309	76	3,000	600,000
<b>AFRICA</b>							
South Africa.....	16,500,000	875,000	1,400,000	60	85	10,500	—
Other African countries.....	198,000,000	360,000	3,650,000	1,014	18	140,000	70,000
<b>ASIA</b>							
Japan.....	95,000,000	12,000,000	25,000,000	108	263	1,500,000	14,000,000
Communist China.....	700,000,000	1,000,000	5,500,000	450	8	4,500,000	30,000
India.....	455,000,000	1,000,000	4,000,000	300	9	—	600
Other countries.....	410,000,000	1,800,000	10,000,000	455	24	725,000	450,000
AUSTRALASIA AND PACIFIC.....	18,250,000	2,760,000	5,950,000	115	326	300	1,900,000
<b>WESTERN HEMISPHERE</b>							
United States.....	188,000,000	111,000,000	190,000,000	71	1,010	—	60,000,000
Canada.....	19,000,000	5,500,000	10,250,000	86	539	—	4,500,000
Latin America.....	214,000,000	12,600,000	25,500,000	102	119	4,000	5,250,000
West Indies.....	5,250,000	189,000	650,000	244	124	50,000	40,000
WORLD FIGURES (approx.).....	3,125,000,000	237,000,000	434,000,000	83	139	46,000,000	138,000,000

Table 10.2—WORLD EXTERNAL BROADCASTING

Estimated Total Hours per Week: 1950-63 (for December or nearest month available of each year, and March 1963)

	1950	1955	1956	1957	1958	1959	1960	1961	1962	1963
USSR.....	533	649	801	889	895	974	994	1,072	1,213	1,179
Satellites*.....	412	820	840	891	875	1,062	1,073	1,137	1,149	1,132
VOA.....	497	854	1,066	747	577	602	658	767	826	816
China.....	66	159	272	350	477	537	687	732	785	808
BBC.....	643	558	566	560	573	597	589	598	603	603
West Germany.....	—	105	105	105	112	215	315	319	462	522
Egypt.....	—	100	101	151	215	271	301	389	448	448
France.....	198	191	237	258	288	303	326	329	322	320
Spain.....	68	98	111	111	150	202	202	282	285	295
Australia.....	181	226	315	221	222	247	257	255	280	283
Japan.....	—	91	91	105	105	175	203	224	240	238
Italy.....	170	185	196	197	197	198	205	205	210	209
Holland.....	127	120	101	119	116	123	178	191	193	193
Cuba.....	—	—	—	—	—	—	—	105	187	188
Portugal.....	46	102	126	135	156	156	133	157	185	185
India.....	116	117	125	126	127	127	157	158	163	160
Ghana.....	—	—	—	—	—	—	—	99	100	100
Israel.....	—	28	34	35	65	88	91	93	90	90
Canada.....	85	83	85	86	98	104	80	84	81	88
Yugoslavia.....	80	46	46	54	54	54	70	78	78	78
Indonesia.....	53	63	63	75	75	75	68	68	68	68
Turkey.....	40	100	100	88	88	77	76	68	67	67

Figures do not include certain Home Service broadcasts transmitted externally on short wave, e.g. by France and Egypt. Clandestine broadcasts are excluded.

\* Bulgaria, Rumania, Poland, Czechoslovakia, Hungary, and East Germany. Albania's output is included in the Russian 'Satellite' totals before 1961 but excluded in the period 1961-3. Output in 1961 was 58 hours per week and 70 hours per week for the next two years.

The following indications of the size of particular audiences for CBC-IS are derived from sources in Britain and the United States:

- West German Republic and West Berlin: in 1963, 0.4% of adult listeners, indicating an audience of some 170,000.
- France: from 1960 to 1963, between 1% and 1.5% of adult listeners, indicating an audience of 300,000 to 450,000.
- Latin America: 1962 surveys of the average urban monthly audience indicate 5% of adult listeners—roughly the same as for Radio Moscow, but less than for Radio Havana or the British Broadcasting Corporation.

The only other available indication of audience response is the volume of overseas mail received by CBC-IS, which has been growing substantially in recent years (Table 10.3).

Table 10.3—CBC INTERNATIONAL SERVICE

Audience Mail Received by Sections

Section	1962	1963	1964
English .....	7,291	12,814	19,477
French .....	1,902	1,923	2,746
German .....	2,148 "	2,817	5,688
Spanish .....	1,732	1,665	2,425
Portuguese .....	1,093	1,835	3,510
Czech & Slovak .....	43	202	1,298
Polish .....	37	329	1,087
Hungarian .....	12	50	327
Russian .....	8	35	303
Ukrainian .....	1	15	27
Others .....	2,560	381	485
<b>TOTAL</b> .....	<b>16,827</b>	<b>22,066</b>	<b>37,373</b>

NOTE: Jamming of Canadian broadcasts to eastern European countries ceased in June 1963.

It is significant that although the number of letters from eastern European countries is, as might be expected, but a small component of the total, there are signs of a progressive increase from year to year. The sharp drop in the number of letters received in languages other than those specified can almost certainly be attributed to the abandonment in 1961, for reasons of economy, of broadcasts in Dutch, Italian, Danish, Norwegian, Swedish and Finnish.

From the meagre information available from all sources, it is known that CBC-IS listeners overseas tend mostly to be young people, better

educated than most of their compatriots, who develop and express a keen interest in Canadiana; and that there is a significant audience for programs broadcast in all the languages now employed. Having regard to the unsatisfactory signals now transmitted and the modest annual expenditure of only \$1.8 million, this degree of success is in itself a noteworthy achievement which promises well for the future.

### *International Programming*

The prime emphasis in international programming is on direct news-broadcasts giving an accurate and objective account of events in Canada and elsewhere. Straight news reports are supplemented by commentaries and interviews explaining Canadian policies and attitudes and their background, and by entertainment planned to afford a varied and lively picture of Canadian interests, tastes, activities, and mode of life. In addition to shortwave broadcasts, radio program-material on disc or tape is regularly sent to some 700 foreign broadcasting agencies, and a start has been made on the supply of film for use on television. The traffic is reciprocal, and much valuable material received in exchange reaches Canadian audiences through the CBC domestic services.

### *Facilities*

Following the 1942 decision to establish an international broadcasting service, two 50KW shortwave transmitters were installed at Sackville, NB. The first test transmissions to Europe were made on September 2nd, 1944, and the regular service of broadcasts was officially launched in February 1945.

Today, more than twenty years later, the two original 50KW transmitters are still in constant use, although they have long been obsolete. By 1962 it was already impossible to get replacements for defective components from the manufacturer, and a third transmitter of the same type was purchased secondhand from Venezuela for that purpose. But this discarded equipment was found to be in reasonable working order, and was accordingly pressed into service to meet the mounting pressure of program load. To monitor foreign broadcasts, CBC-IS also operates stations near Ottawa and Vancouver.

Perhaps the most serious effect of the failure to modernize the Sackville equipment is that full use is not being made of all the international shortwave frequencies presently available to Canada. In a rising and highly competitive market, scarce resources cannot be allowed to lie fallow indefinitely, and there is a danger that if these frequencies are not soon fully occupied and used by Canada, they may be taken up by other countries. Moreover, the three obsolete 50KW transmitters, which present a sorry contrast with, for example, the two 250KW and four 100KW transmitters operated by Ghana, cannot be used exclusively for international broadcasting. They are also the only outlet for service to the Canadian Armed Forces overseas and the principal outlet for the Northern Service; both those Services are inadequate, largely for this reason.

It is high time for these antique relics from the dawn of the electronic age to be scrapped, for they are costly to maintain and have long since been inadequate for their purpose. There can be no question, in our view, that immediate action should be taken to instal more powerful transmitters and modern antenna-arrays of the newest design, at a cost estimated by the CBC of \$3.7 million, which is included in our five-year forecast of financial requirements.

### *Coverage*

CBC-IS broadcasts daily in eleven languages to five continents, for a total of nearly ninety hours a week. The principal languages are English and French. For European audiences, there are also regular broadcasts in German, Czech, Hungarian, Polish, Russian, Slovak, and Ukrainian, while programs in Spanish and Portuguese are also directed to Latin America.

In 1961, partly for reasons of economy, shortwave transmissions in Dutch, Italian, Norwegian, Danish, Finnish, and Swedish were abandoned, and programs in these languages are now distributed only on disc or tape. Otherwise, there has been little change in coverage in recent years, and the present scope of the international service is too static to adapt itself to the ebb and flow of Canadian interests in different parts of the world. In many of the principal areas of unrest in the world today—in the Arabic countries of North Africa and the Middle East, in India, in China, in Southeast Asia, and in Indonesia—the voice of Canada, if it can be heard at all, is heard speaking only Euro-

pean languages. For purposes of comparison with Canadian external broadcasting in eleven languages for ninety hours a week, we were informed that:

- the USSR broadcasts in 48 languages for almost 1,200 hours a week;
- the Russian satellites—Bulgaria, Rumania, Poland, Czechoslovakia, Hungary, and East Germany—together broadcast externally for more than 1,100 hours a week;
- the Voice of America broadcasts in 38 languages for more than 800 hours a week, using 96 shortwave transmitters; the total estimated cost for radio and television is in excess of \$34 million;
- China broadcasts in 35 languages, excluding dialects, for more than 800 hours a week;
- the BBC broadcasts in 35 languages for more than 600 hours a week, using 50 transmitters, at an annual operating cost of more than £8 million;
- West Germany broadcasts externally for more than 500 hours a week;
- Egypt broadcasts in 25 languages for almost 450 hours a week.

Even if Canada cannot afford anything like the level of activity and scale of expenditure by the great powers, there are, in our opinion, compelling reasons why the voice of Canada should be heard abroad more widely and more clearly than it is at present. External broadcasting is more than an international status symbol. It is an important instrument for the propagation of western ways of thought; it brings information, enlightenment, and entertainment to many peoples of the world; and it is a significant adjunct to external aid to the developing countries. For Canada, which is and should continue to be a leader among the middle powers, and whose exports in 1964 exceeded \$8 billion in value, international broadcasting is an activity that should commend itself, to politicians, idealists, and hard-headed businessmen alike, as a necessity.

As we have said, the installation of more powerful transmitting equipment of the latest design is essential. When it has been installed, it would not be unduly extravagant to plan for perhaps 150 hours a week of external broadcasting, at an estimated operating cost of around \$5 million a year. But even if expansion overnight to this scale were feasible, it would be unwise; the development should be spread over a five-year period. A comprehensive study should then be undertaken to determine the effectiveness of the global broadcasting activities of the CBC, and to set the future course and scale for this essential service.

CBC-IS has been doing excellent work for more than twenty years, yet most Canadians are probably unaware of its very existence. Quite apart from the general undesirability of hiding any light under a bushel, the public is entitled to reassurance that its money is being well spent on this activity, while better domestic publicity for CBC-IS may result in valuable ideas for program material and a revelation to Canadian businessmen of the existence of potential export-markets neglected hitherto. Useful publicity could be given by paying more attention to CBC-IS on the domestic radio and television networks, French and English, and by regular distribution of suitable publicity material to Canadian newspapers and periodicals. Consideration should also be given to the potential advantages of collaboration with the National Film Board and other federal information agencies for this purpose.

*Status*

The constitutional status of CBC-IS is ill defined. Operating as a semi-autonomous body loosely attached to the CBC organization, its broad program policy is, somewhat indeterminately, subject to direction by or under the influence of the Department of External Affairs. Although CBC-IS is integrated with CBC for purely administrative purposes, funds for its expenditures are separately voted by Parliament and are not subject to corporate control. One odd result is that CBC-IS is the owner and CBC the lessee of the Radio-Canada Building in Montreal, which is the headquarters of the French Networks and Quebec Region. But the most serious aspect of the present arrangements is that CBC-IS is suspended in constitutional space between the CBC and the Department of External Affairs, with each ascribing responsibility to the other.

Four substantial benefits would stem from a formal integration of CBC-IS with the CBC. First, the well publicized CBC independence from political control would afford some assurance that CBC-IS is not primarily an instrument of Government propaganda. Second, the door would be opened to a rationalization of representation abroad; one specific instance of duplication that came to our notice is that CBC and CBC-IS are both members of a French-language broadcasting organization in Europe, but there are other more important overseas activities, such as program exchanges, distribution, and sales, where

economies or greater efficiency might be achieved by rationalization. Third, integration would afford the opportunity for a much needed rotation of staff; the cloistered seclusion of CBC-IS from the main activities of the CBC has undoubtedly resulted in an undesirable degree of inbreeding in the former. Fourth, the outlook of Canadian external broadcasting could be more readily broadened to cover the whole wide sweep of Canadian interests abroad.

At present, the Department of External Affairs gives desultory attention to program policy for international broadcasting, and maintains only informal contacts with CBC-IS. So far as we have been able to ascertain, CBC-IS has very infrequent contacts, if indeed it has any at all, with other departments and agencies that have a special interest in Canadian external relations, such as the Departments of Trade & Commerce and Citizenship & Immigration, the National Research Council, and the National Film Board. If the best results are to be achieved, program policy should take all these interests into account.

For these reasons, we believe that the International Service should be formally recognized as a principal Division of the CBC; that its physical assets should be vested in the Corporation; and that the CBC should assume full responsibility for operating the shortwave broadcasting equipment at Sackville, NB. Following this change, which could be designed so as to accord with any reasonable requirements of the Department of External Affairs, the CBC should establish and maintain continuing contacts with all departments and agencies of the federal government that are engaged in activities abroad.

External broadcasting is one of the most important instruments for spreading information abroad, and there can be no dispute about the advantages of coordinating program material with the policies of other interested departments and agencies of the Government. Pursuant to a recommendation of the Royal Commission on Government Organization, the Interdepartmental Committee on Information Abroad has recently been reconstituted on a more active footing. Its membership includes representatives of all the federal departments and agencies engaged in operations outside Canada, and a small sub-committee should be formed to advise on international program policy.

### *Financial Provisions*

Although we recommend the integration of CBC-IS with the CBC, we have not included the operating cost of external broadcasting in the

financial provision proposed for the CBC. The scale and cost of the International Service cannot be determined, as the scale and cost of domestic services can be, by direct relationship to the number of Canadian households. Financial provision for external broadcasting should be kept in flexible relationship to changing external policy, and should therefore be authorized annually by Parliament. The necessary funds should be included in the general Vote for the Department of the Secretary of State.

### *Title*

As a title 'The International Broadcasting Service of the Canadian Broadcasting Corporation' is unimaginative, and as cumbersome when translated literally into French as it is in English. A simpler and more appealing title should be found. The one that commends itself to us is 'Radio Canada International'.

### THE NORTHERN SERVICE

Reference is often made to 'the frozen north' or 'the silent north' but, from our experience in relation to broadcasting, it would be equally apt to speak of 'the forgotten north'. Out of fifty-five briefs submitted to the Committee, not one made any mention of the northern regions of Canada and their broadcasting needs. Broadcasting can do much to compensate for the sense of isolation that besets Canadians who serve their country in these vast and remote regions, and can contribute substantially to the development of the north in this way, as well as by fostering wider knowledge and interest among audiences at large. The CBC officials in charge of the Northern Service are acutely aware of the importance of broadcasting for those who live in the north, and their views are supported by several Directors of the Corporation who made personal inspection tours in 1963 and 1964.

Until 1958, the only service available in the north was provided by the Armed Forces and the Department of Transport, with program assistance from the CBC. In fact, the oldest continuous program on CBC-radio is 'Northern Messenger', which began in 1932 and broadcasts, each week throughout the winter, personal messages from family and friends to men and women isolated in the Arctic regions. A CBC plan for radio service to the north, which was commended by the Royal Commission on Broadcasting in 1957, was put into effect in 1958. The

CBC Northern Service now has a staff of around 75, and an annual operating budget of \$1.2 million.

### *Programming*

To the people isolated in the northern regions, news and information from the rest of Canada and the outside world are as important as education and health. Thus the emphasis in northern programming is on news, local and national, with special attention to weather, road and flying conditions, flood and fire warnings, and personal messages. Public affairs programs and entertainment are also provided.

The advent of television has led to a steady decline in the production of important elements of radio entertainment, such as variety, comedy and drama. This has increased the difficulty of programming for the north, where television is not generally available, for there is a clear need for light entertainment to leaven the steady diet of news and commentary interspersed with music. The cost of preparing a special series of daily family-drama and children's programs, a weekly comedy program, and monthly local-talent shows at northern stations, is estimated at \$75,000 a year. We believe that this would be money well spent, for the programs so produced could also be used on the International Service and possibly elsewhere in Canada.

An important element of programming for the Northern Service involves broadcasting in Eskimo. Of the 75,000 Canadians scattered throughout the CBC Northern Region, some 12,000, or 16%, are Eskimos who can be reached only by shortwave radio transmissions and many of whom speak and understand only their own language. According to the Hudson's Bay Company, there is scarcely an Eskimo family without a radio set, and this is confirmed by first-hand observations of officers of the Department of Northern Affairs. An RCMP constable at Clyde River, reporting on the Eskimos at Cape Christian, wrote:

"The CBC Northern Service broadcasts are still the only continuous form of entertainment for the people, and are doing much to stimulate interest in things happening outside their daily environment. When visiting they frequently discuss issues they have heard about, and want to know more details. For the people living in camps it is certainly most beneficial."

Out of 60 hours of weekly shortwave programming for the north,  $3\frac{1}{2}$  hours are occupied by programs in Eskimo. During 1964, more than 1,000 letters were received from Eskimos, mostly from the eastern Arctic and in syllabic script, in response to the programs 'Uqausi' and 'Nun-

nassiauq'. These are unsophisticated programs, comprising news, music, replies to enquiries, and personal messages. A highly valued service is the transmission of reports on the health and progress of Eskimos away from their homes and families; for this purpose, the CBC distributes a prepaid postcard illustrated below.

CBC RADIO MESSAGE CARD

Ca nocaqhaq' acnandc Dbc-Lcdcrb hsa r'ah'rc  
FOR PEOPLE OF INDIAN OR ESKIMO ORIGIN FROM NORTHERN CANADA.

Dbaq'qhaq' qnL

TO \_\_\_\_\_

name \_\_\_\_\_

number aLl \_\_\_\_\_

peLc qnL

AT \_\_\_\_\_

nocaqhaq'

MESSAGE \_\_\_\_\_

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QnLc qnL

FROM \_\_\_\_\_

name \_\_\_\_\_

number aLl \_\_\_\_\_

pa c'ca La

AT \_\_\_\_\_

paq' qnL arsa

HOME \_\_\_\_\_

Dab' QnL

DATE \_\_\_\_\_

Aar'dap' LP Arjglo nocaqhaq' aca'p'.

ONE MESSAGE CAN BE SENT EVERY TWO WEEKS BY CBC RADIO.

No other CBC broadcasts, for the time and money spent upon them, have yielded a greater return in audience-appreciation than these. Their value is demonstrated in a letter from a woman in Arctic Bay, who wrote:

"I earned enough money by sewing articles to buy a radio and have been listening to your program for a long time. The people in my town appreciate your broadcast more than you might realize. Your program is our link with the outside world. Before your program we were not informed about the different news events, but now we are kept up to date on practically everything that happens. Please keep up your good work."

An interesting new programming development is a special 'community action' project being undertaken by the Northern Service in conjunction with the Indian-Eskimo Association of Canada, to which the Centennial Commission has contributed \$6,000; the purpose is to foster a spirit of self-reliance in underdeveloped communities, and to afford opportunities to the Indians and Eskimos of northern Canada to express and exchange views and opinions on problems of common interest, using their own languages. Consideration should be given to the feasibility of extending this type of activity to other parts of Canada.

### *Facilities*

The Northern Service broadcasts shortwave programs which are sent by landline from Montreal to the transmitters at Sackville, NB, and operates twenty-one mediumwave stations scattered throughout the north. Six of these are manned, and fifteen are unmanned repeater-stations. Eighteen are connected with the CBC national network; the others depend on pickups from CBC shortwave and mediumwave stations for news, and on taperecordings for other program material. In some areas, neighbouring stations are linked together in local networks.

For shortwave broadcasting, the Northern Service must rely on the obsolete Sackville transmitters controlled by the International Service. Less than nine hours a day are allotted for northern broadcasting which is demonstrably insufficient allowance to cater for the needs of an audience spread across six different time-zones. Moreover, shortwave programs to the north are presently broadcast from the reverse side of the South America antenna-array, with results that are far from satisfactory. The installation of a new Northern Service antenna-array, estimated to cost \$335,000, should be undertaken immediately. We have previously recommended that the present outmoded shortwave transmitters at Sackville be replaced by more powerful modern equipment; when this has been done, the time allocated to the Northern Service should be increased from nine to a total of at least eighteen hours a day, so as to provide a more adequate broadcasting service for northern listeners scattered over six time-zones.

### *Coverage*

The Northern Service broadcasts to the Yukon and Northwest Territories, and to the most northerly regions of the provinces. This vast area of more than 1.5 million square miles has a total population of around 75,000, including some 12,000 Eskimos and more than 17,000 registered Indians. Virtually the whole of this area is now covered, albeit unsatisfactorily, by shortwave transmissions, and many of the more populous communities are also served by local mediumwave stations or relay transmitters.

Plans are now under consideration for the expansion of medium-wave outlets in the north by:

- extension of the Mackenzie network, as Canadian National Telegraph lines are extended, by the installation of relay stations at Pine Point, Fort Simpson, Wrigley, Fort Norman, Norman Wells, and Fort Good Hope;
- creation of a northern Manitoba network by establishing a radio station with studios at The Pas, and a chain of relay stations or affiliated private stations at Thompson, Flin Flon, Lynn Lake, Snow Lake, and elsewhere;
- improvement of the Ungava network by the establishment of duplicate relay stations for French and English network service at Labrador City/Wabush and Schefferville, and by improvements to CFGB (Goose Bay) needed for a network community-news service.

The capital cost of these improvements, which should be undertaken as soon as possible, is estimated by the CBC at \$232,000.

### *Television*

The CBC operates a television station at Goose Bay, Nfld, the direct operating cost of which, other than the salary of the manager, is borne by the United States Government; the CBC contributes about two-thirds of the programming, and the rest is produced locally or drawn from sources in the United States. The total annual cost to the CBC is just over \$100,000. A privately owned closed-circuit television service in Whitehorse, YT, uses a certain amount of CBC program material. At Labrador City, Nfld, a locally based mining corporation is establishing a television station, with rebroadcasting facilities at Scheff-

ferville, Que., for which CBC has undertaken to provide all the program material without charge.

There are other remote or isolated places in northern Canada, such as Yellowknife and Pine Point, NWT, where private corporations are anxious to have television service as a morale-booster for their locally based staff. The provision of CBC service cannot yet be justified on a population basis, and the private corporations themselves are understandably reluctant to embark on the management of broadcasting facilities, in which they have no experience and little knowledge. Since much of their program material would necessarily be drawn from the CBC there is a real danger that the CBC would be blamed for any deficiencies in the service provided. In most cases, the private corporation would much prefer to pay for expert broadcasting service without having to manage it; the end result might well be less expensive and would certainly be more effective. We are of the opinion, therefore, that the CBC should be empowered to enter into contracts with private corporations, on suitable financial terms, to provide and manage television services in remote and isolated parts of Canada.

### *Financial Provision*

It is obviously more expensive, *per capita*, to provide broadcast services to the sparsely settled north than to the much more densely populated areas of southern Canada. The same applies to all other northern services: for example, the annual expenditure for each pupil educated in the Northwest Territories is now about \$700, and Eskimo health services cost almost \$300 a head each year. The annual cost of broadcasting to the north amounts to only \$16 a head for an audience to whom the importance of this service is pervasive. For a total operating cost of \$1.2 million in 1964-65, the Northern Service is making an excellent contribution to the development of the Canadian north and the well-being of its residents, which should be strengthened and fortified in the future. The additional operating cost arising from our recommendations is estimated at \$500,000 a year, and the annual budget for the Northern Service should therefore be increased to at least \$1.7 million as soon as possible.

Both the proposed capital expenditures and the increased operating costs for the Northern Service have been taken into account in our financial recommendations for the CBC.

## THE ARMED FORCES SERVICE

Special consideration is merited by the broadcasting requirements of the Canadian Armed Forces, whether they are serving abroad, at sea, or at home in Canada. Thus the Department of National Defence itself is in the broadcasting business in a fairly substantial way, and is the operator of two mediumwave FM radio stations in Europe. CAE (Werl) serves No: 4 Canadian Infantry Brigade Group in West Germany, and CFN (Metz) serves No: 1 Canadian Air Division in France; the managers and program directors of these stations are seconded from the CBC for special service with the Armed Forces. The CBC is also responsible for feeding these stations with all but purely local programming, and enough program material from the English and French networks is flown over to give them an average of 69 hours a week of broadcasting from home. On special occasions, such as the National Hockey League semi-finals, the Stanley Cup, and the Grey Cup, CAE and CFN are actually connected to the national network by transatlantic telephone.

The European facilities are supplemented by a daily average of 2½ hours of news, sports, and topical programs broadcast direct by the CBC from the shortwave transmitters at Sackville. These broadcasts are highly regarded by the Canadian troops and their wives and children, for they provide the most immediate direct link with home. We trust that, when the new shortwave equipment recommended for Sackville has been installed, there will be a substantial improvement in the quality of the signals received. Consideration might also then be given to some extension of the hours of broadcasting.

The cost of these services is around \$200,000 a year, which is borne by the Department of National Defence. But, in addition, the CBC renders many other services to the Armed Forces for which no charge is made. A weekly package of CBC television programs is loaned for distribution to remote bases in the Arctic, the Gaza strip, Cyprus, Indo-China, and the Congo. Taperecorded network programs are provided for the use of warships at sea, and a weekly average of 28 half-hour programs from the networks is supplied to posts on the Pine Tree and Mid-Canada Lines. Finally, the CBC organizes concert parties, whose programs are recorded for later network broadcast, which perform (at the expense of DND) monthly at military bases across Canada and, less frequently, abroad.

A special problem is posed by the bilingual composition of the Armed Forces, which has a particular bearing on the factors governing

extension of coverage within Canada. In general, the units that are recruited predominantly from French-speaking areas are usually stationed at bases where television and radio services in French are already available. But inevitably there are individuals and groups, serving with units for which recruiting is more broadly based, who are stationed in other parts of Canada where broadcasting service in their mother-tongue cannot be justified on the basis of the local civilian population. A particular instance in reverse is the RCAF station at Bagotville, Que., which has a predominantly English-speaking complement of more than 400 for whom there are no broadcasting services in English because the local civilian population is almost 100% French-speaking.

There is no simple solution to this problem. Clearly, the language-composition of military bases should be incorporated with that of the local civilian population in applying the CBC formula for extension of coverage. Where there are pockets too small to justify the provision of special service by the CBC out of its own financial resources, the Department of National Defence might consider the merits of subsidizing the installation of low-power repeaters. Alternatively, local arrangements could be made, as they are in remote posts overseas or in the Arctic, for closed-circuit rebroadcasting of recorded network programs supplied by the CBC. But the most important thing is that the present excellent collaboration between the CBC and the Armed Forces should be maintained and extended, so that the special problems of the latter can be given the continuing attention they deserve.

### CONCLUSION

The special services dealt with in this chapter represent, in terms of cost, only a minute fraction of the Canadian broadcasting system. But their importance for all Canadians far outweighs their cost, and it is for this reason that we have dwelt on them at some considerable length. The International, Northern, and Armed Forces Services, each in its own way, deserve special attention as unmistakable manifestations of the unity of Canada, and their value cannot be measured in dollars and cents.

# 11

## CONSOLIDATION PLANS

*And they said, Go to, let us build us a city and a tower, whose top may reach unto heaven; and let us make us a name, lest we be scattered abroad upon the face of the whole earth.*

Genesis, 11.4.

### INADEQUACY OF PRESENT FACILITIES

We were asked to examine and comment on the plans for consolidation of CBC broadcasting facilities, particularly in the two main national network centres of Toronto and Montreal. These plans have now been in preparation for some years, and in both centres there is ample visual evidence that the scattered operation, the degree of over-crowding, and the obsolete or obsolescent state of the technical plant combine to impose costly inefficiencies which urgently need to be remedied. However, the conditions in Toronto and Montreal are not equally bad.

In Toronto, although the main site remains badly over-crowded, some rationalization has reduced the number of separate locations to the point where perhaps the worst immediate problem is the widespread scattering of administrative and other office functions. In Montreal, by contrast, the worst problem is the dispersal of the actual program production facilities; the television studies, the graphics section, and the staging and costuming departments are all at separate locations, and the need to draw them together is obvious. The Montreal situation is the most vexatious operating problem now facing the CBC; their

plans for this centre have therefore been given priority and are now in an advanced state of preparation.

### *The Background*

It is important to recall that, when the Royal Commission on Broadcasting examined this subject in 1956-57, the first shockwave of television expansion had already occurred, and the CBC had resorted to every kind of improvisation to meet the currently urgent demands of television programming and production. The consolidation problem relates almost entirely to television rather than radio, because it is the new dynamic medium that taxes the ingenuity and judgment of broadcasters everywhere. Eight years have gone by and, although the main expansion of television facilities has passed its peak, the rapid rate of technological change has continued. In fact it shows no immediate signs of abatement, at least in the development of electronic science and its adaptation to television requirements.

For example, the introduction of the videotape recorder has transformed television studio operations, and has practically eliminated from program schedules any dependence on live studio performances. The expression 'live-on-tape' is in common use and indicates that the pre-recording of programs on videotape is now common practice. By this means, better control over schedule deadlines has been achieved with a consequent improvement in studio utilization. This one major development has enabled the CBC to increase its output to the point where, despite the problems of overcrowding and dispersal of facilities, the system has been able to cope with the heavier schedules of recent years. Furthermore, with the videotape technique, which permits prior transmission and storage of program material, the release of national network programs at the same local time in each major centre across Canada has become possible.

The purpose of these brief comments is to commend the ingenuity and effort applied by the CBC to the maintenance of a high standard of technical efficiency, and also to indicate that further technological developments may have a profound effect on plans for the future.

### *The Present and the Future*

In a period of rapid technological change it is hard to divine the exact point when a newly expanded activity should be modernized and, in this sense, frozen into place. It is equally difficult to assess the extent

of improvement and modernization that should be undertaken. It is quite clear, for example, that the current plans for modernization and consolidation of television facilities have inevitably been based on the experience of the CBC and other broadcasting systems in recent years. The plans are designed to make the best advantage of the present state of the broadcasting art. They are intended to bring the facilities up to a point sufficiently current, in CBC judgment, to meet foreseeable future needs. But in this case the future can be seen only dimly because of the continuing pace of change. For example, the CBC has in mind a type of programming requirement that will differ little from their present experience, except perhaps in the substitution of home-produced programs for some of the presently imported material, so as to restore a greater measure of Canadian content to the national schedules. We are not satisfied that this is a valid assumption.

### *The Dilemma*

Against this background, we carefully considered the totality of the decisions involved. It quickly became evident that some outside technical and engineering advice was needed. Stevenson & Kellogg Ltd., who are well known specialists in the field of industrial engineering analysis, were accordingly engaged to examine the Montreal consolidation plans, which were readily available, and also the situation in Toronto. The CBC cooperated fully by disclosing to us and the consultants all the technical information and other factors that had contributed to their decisions, and were given the opportunity to comment on the consultants' report.

In addition to this work, we took the opportunity on our visits abroad to see the television facilities in New York, London, Paris and Rome, and to seek the views of broadcasting executives in those centres on their present problems and their assessment of likely future changes in television production. Thus, our work and study was wide and thorough, and our conclusions were affected by a great variety of information, experience, and views.

It is also important to note that we gave particular thought to the present state of broadcasting in Canada and the problems that lie ahead. We were not unmindful of the many demands that will be made on available Canadian resources to meet total broadcasting requirements. In other words, the application of resources for capital investment must be seen, in our view, as part of this total requirement,

and must therefore compete for attention with the need for a better balance in program content between Canadian and foreign material, with the need for extension of coverage, with provision for the introduction of colour broadcasting, and with greater attention to regional contributions from centres other than Toronto and Montreal. The volume of private investment in Canadian broadcasting in recent years must also be taken into account. At least in a physical sense, this private capacity is now available to share some of the broadcasting load.

A basic question must therefore be posed. Are the present facilities of the CBC adequate for the job it is required to do under its mandate? Our considered answer to this question is that they are not, and this leads to the next question. In what respects are the facilities inadequate, and do the CBC plans accord with our findings as to the state of the inadequacy, having regard to all the foregoing factors? Our answer to this second important question is based on a study in depth of the Montreal situation, but the conclusions are of equal relevance to Toronto and other centres.

### THE MONTREAL PROBLEM

Montreal is the principal centre for Canadian program production in French, but is also the second largest English-speaking metropolitan area in Canada. Program material in French cannot be so readily supplemented or supplanted as in English, where large quantities are available for import, principally from the United States. Thus it is probably true, as the CBC claims, that Montreal produces more program material than any other television centre in the world.

#### *Present Facilities*

The CBC occupies 637,300 square feet of gross floor area, of which 232,000 square feet are in the Radio-Canada Building and 405,300 square feet in rented premises. The space is scattered over some sixteen locations. Net usable space comprises 491,826 square feet and includes, along with associated technical and service areas, office space, and so on:

- 8 television studios (4 in rented space)
- 15 rehearsal halls
- 22 radio studios.

As of March 31st, 1964, the capital assets of CBC Montreal for the domestic radio and television service, and of the International Service, were:

Domestic Service .....	\$10,465,235
International Service .....	4,851,945
	<hr/> <hr/> <hr/>
	\$15,317,180

Assets of the domestic service to the value of \$5,908,670 were acquired between 1957 and 1964. For the International Service, assets valued at \$2,540,248 go back prior to 1959.

The following CBC operations are located in Montreal:

- headquarters, French networks and Quebec Region;
- main French network program production centre for television and radio;
- program production for the International Service;
- program production for the Northern and Armed Forces Services;
- local production for and operation of CBC French and English-language stations: CBF CBFT CBF-FM  
                          CBM CBMT CBM-FM
- engineering headquarters for the Corporation.

### *Place Radio-Canada*

On September 30th, 1964, the CBC took possession of a 25-acre site on Dorchester Boulevard East for a new consolidated plant and office complex, which is well chosen for its purpose. It is large enough to accommodate present and foreseeable future needs for facilities. It is close enough to the cultural heart of the city to form a lively part of that milieu and will, when it has been adapted to its new use, represent a handsome element in the rehabilitation of this section of old Montreal. However, having taken all these factors into account, and accepting the need for some expansion of present facilities and consolidation on the Dorchester Boulevard site, we are not convinced that the design proposed by the CBC can be justified.

The CBC design is for a broad 3-storey building, much of it below grade-line, to house most of the production facilities required for television and radio programming and other services. This structure is to be surmounted by a 23-storey hexagonal tower, which would house most of the administrative services and senior production staff.

Here is a comparison of present facilities with the provision planned for this new complex:

	<i>Present</i>	<i>Proposed</i>
	sq. ft.	sq. ft.
Administration, production offices, and services ....	184,500	286,000
Television studios .....	35,000	60,000
Television shops, set storage, props, and docking .....	112,500	137,000
Technical—Television .....	39,000	81,000
Graphics, costumes, set design, and make-up .....	31,000	40,000
Rehearsal halls .....	37,000	70,000
Film services .....	15,000	25,000
Radio studios .....	14,000	18,000
Technical—Radio .....	9,500	14,500
Studio services, radio and television .....	15,500	70,000
 Total .....	493,000	801,500

	<i>Number</i>	<i>Number</i>
Television Studios .....	8	9
Radio Studios .....	22	27
Rehearsal Halls .....	16	18

The new plans thus provide for more than 60% expansion in net usable space, including a 70% increase for television studios, 28% for radio studios, 90% for rehearsal halls, and 55% for general administration. These increases are designed both to relieve existing congestion and to provide for anticipated expansion over the next several years. However, in our considered view, the expansion contemplated is well in excess of what can be justified on either count.

### *Cost*

The cost of this plan, as estimated by the CBC, would be:

Land and building .....	\$39,000,000
Electronic equipment .....	21,000,000
	<u>\$60,000,000</u>

Our consultants confirm these estimates but suggest two qualifications. Construction of the project is scheduled to begin almost immediately, and to be completed by 1969. It therefore coincides in large part with the heavy building period of Expo '67. In the construction trade it is generally held that costs will inevitably be inflated during this period, and a conservative estimate of this increase is 6% to 7%, or perhaps \$2 million. The other point is that these CBC figures for equipment make

no provision for the introduction of colour television. A complete installation of the necessary equipment to handle all colour requirements in Montreal would cost approximately \$11 million. The CBC estimate must therefore be regarded as indicating a total expenditure of more than \$70 million for the Montreal complex alone.

However, not all of these costs can be attributed solely to consolidation. The Government has already decided to permit the introduction of some colour television in 1967, and the modernization of obsolete studio and other facilities would involve expenditures of over \$10 million, even if there were no new buildings. But whether the cost of consolidation is regarded as \$50 million or \$70 million, the total is a major one-time investment, and we therefore sought a very careful analysis of the needs projected by the CBC as justification for the plan.

Examining a requirement as complicated as integrated television and radio facilities inevitably involves judgments about priorities. It seemed to us that attention should be focussed primarily on three main factors:

- the present and proposed requirement for studio and related facilities;
- the adequacy of the design concept;
- the need for total consolidation.

"

### *The Studio Requirement*

The consultants devoted much of their time to the development of a full understanding of operations in the Montreal centre. They reviewed past and present program schedules, and classified this output according to program content. This breakdown was then related to the size of studio actually being used for a particular presentation and the number of hours of preparation normally required to get a particular type of program on the air. The consultants also analyzed the associated requirement for rehearsal halls, in which most of the preparation takes place before the final rehearsal in front of the studio cameras.

The general conclusions arrived at by the consultants focus on the question of studio size and the number of rehearsal halls proposed in the new complex. Each of these points is controversial, for television production practices do not yet seem to have resulted anywhere in standards to which one can turn for guidance. Stated briefly the consultants found that, although the engineering work on studio layout, work flow, electronics, and technical planning was impressive and equal

to the best to be found elsewhere, the new studio-space allocations are generous, in the sense that they cannot be justified with any precision in relation to present and known future programming requirements.

For example, the consultants' analysis demonstrates that present and future production plans indicate constant use for between 4 and 6 television studios, each with 2,200 square feet or less of net usable space. No studios of this size are planned. The smallest planned studios each have 3,200 square feet of net usable space, involving an additional capital cost of \$160,000. This amount is not, in itself, of great significance in relation to the total cost of consolidation, but it serves as a useful example of the generous scale on which the plans have been drawn.

With regard to standards, there is a tendency everywhere, not only in Canada, to build studios that are larger than the actual requirement. There is a conflict of view at work here between the program-production people and a cost-conscious management. Large studios invite large productions. While this is not quite a truism, it does positively entail more hard-headed attention to this question if the cost of television is to be subject to some discipline. In the United States, primarily for cost-control reasons, the large networks have gone over heavily to outside production sources. In London, BBC officials indicated that they are giving close attention to the application of cost-control techniques to television production. Reducing the size of the factory may be a poor way to cut costs, but the need for a deeper study of this aspect within the CBC is clearly evident. In particular, the possible advantages of retaining and using the large studios being built for Expo '67 should be taken fully into account.

Much the same can be said about rehearsal halls. They are regarded as good insurance and 'nice to have around'. The space is not costly to create and maintain, but there should clearly be some closer correlation between available capacity and indicated need. The consultants, after a careful examination, came to the conclusion that often the halls, although booked, are either not used, or are used for less than the scheduled periods. Many reasons for this are cited by the CBC. For instance, the availability of artists and other scarce specialists is limited and makes accurate scheduling difficult. Also, there has recently been an arbitrary reduction in the number of programs produced in Montreal that need rehearsal halls. However, we can comment only that the actual state of affairs indicates present under-utilization in an area for which a large expansion is planned.

The consultants' report, having analyzed present and future program plans, suggests that present requirements justify only five rehearsal halls, while sixteen are available, and that even the most ambitious estimates of improvements and extension of program production would justify no more than ten, whereas the CBC is planning for eighteen. We were not convinced by the comments of CBC Management, who disagreed with this aspect of the consultants' report. We therefore conclude, having weighed both arguments with great care, that the number of rehearsal halls in the Montreal plan should be reduced from eighteen to ten at the very most.

### *The Design Concept*

Comments on the general adequacy of the design also involve judgments. The CBC view is that the overall cost of their concept is comparable with other buildings of similar quality, while the hexagonal form of the tower was chosen because it contributes to the beauty of the design. The consultants accordingly asked a competent firm of architects to collaborate with them, and incorporated these outside views as part of their report. Attention was addressed to two main points. Is more space being provided than the facts warrant, and is this type of space more costly than it need be?

The tower is designed to house approximately 1,000 of the present Montreal staff and 300 of the projected increase of 400. In other studies carried out on our behalf, concern has been expressed about the size of present CBC staffs, not only in Montreal but also in Toronto and at the Ottawa headquarters. Work measurement tests indicate that, for both administrative and operational or production processes, there is a need for the development and implementation of precise standards, from which one could reasonably anticipate staff savings of up to 20% of the present totals in these classes of employment. CBC Management does not agree with this estimate. However, obstinate disbelief in the validity of work-measurement techniques is an anachronism today; one must therefore assume that future growth could be modified by savings from increased efficiency in the future, and it could well be that the planned staff-increase in Montreal need not be anticipated in the building program. Even on the basis of accommodating 100 people per floor of tower, the potential reduction in size—3 or more floors—is significant.

A further factor, and the only one of consequence to the actual design, is the agreed view of the consultants that the floor layout in an hexagonal form is inevitably uneconomical. It is true that the hexagonal shape permits the use of an unique triangular core arrangement, which somewhat reduces the cost of providing wind-bracing for the structure. Unfortunately this advantage is offset by certain quite serious inefficiencies in space utilization compared with a square or rectangular shape. The consequential uneconomic arrangement of people and furniture involves an allocation of 171 square feet per person. The average Canadian allocation is 141 square feet, and the difference of 30 square feet, at an expected normal attributed rental of \$6.50 per square foot, represents an excess cost of \$250,000 a year. Thus the consultants and their associated architects, while recognizing the aesthetic merit of the concept, are concerned about potential excess cost in two main features—the overall size and the general efficiency of the layout.

We therefore conclude that the tower should be redesigned, having due regard to standard rates of occupancy, to accommodate the number of staff that may reasonably be foreseen after offsetting reductions from increased efficiency against projected necessary staff increases. If our recommendation that the CBC headquarters be transferred from Ottawa to Montreal is accepted, the new design should take this factor into account, after making the necessary allowances for improved efficiency and the elimination of positions made redundant by the transfer.

#### *Total or Partial Consolidation*

No doubt many years of scattered operations have created annoyances, inefficiencies, and a gradual deterioration of morale, to the point where bringing the whole operation together inevitably looks attractive. But the decision for or against total consolidation is more a matter of judgment than of absolute requirement.

From many discussions we have concluded that there is strong support for a total consolidation of television production. Studios, rehearsal halls, set design and storage, costuming, graphics, production staff, and the whole range of interrelated skills involved, gain in efficiency when they are together. Even so, examples of total television consolidation are very rare, although nearly everywhere there has been some attempt in recent years to bring at least the hard-core requirements into one setting.

In Montreal, the Radio-Canada building presently houses the radio studios and their support facilities, as well as some of the television studios. The rest of the television operation is badly scattered. The CBC plans to concentrate the whole Montreal operation in one location, relying on a judgment that this will produce the greatest economies.

CBC Management have given us the benefit of their comments on the final draft of the consultants' report and, although much more detail could be added to this analysis, it would neither simplify nor serve to clarify the principal decision now facing the CBC and the Government, which is a matter of broad judgment.

### *Summary*

We have grave reservations about the CBC Montreal plans for a number of reasons.

- We support the opinion of the consultants that a much closer relationship needs to be established between requirements and program-production plans; a reappraisal should take into careful account the possible future extent of the use of programs produced wholly or in part outside the CBC studios.
- We warmly endorse the argument that there should be less dependence on Montreal and Toronto for program production, and that greater use should be made of the production potential of other centres for contributions to network programming.
- We believe that the future of television is dynamic and so unpredictable that, as a matter of policy, capital expenditures should be restricted to the necessary minimum for the maintenance of modern production processes, recognizing that some conscious loss of immediate efficiency is a small price to pay for the resultant flexibility of decision that this posture would afford in the years to come.
- On the other hand, subject to these conditions, we are satisfied that a major improvement of the television and radio production process in Montreal is necessary and should be undertaken immediately.

In making these judgments, we have not failed to take fully into account the long hours already spent and the heavy cost incurred in the development of the present plan, but there is reason to believe that much of the basic research involved will remain valid whatever plans for consolidation may finally be adopted.

We must emphasize here that an entirely new design will have to be undertaken. A reduction in the planned number of television studios, rehearsal halls, and offices cannot be satisfactorily effected by lopping off a piece here and a piece there from a completed design derived from different, and in our view excessive, requirements. An entirely fresh start is necessary.

### THE TORONTO PROBLEM

As we have already said, the situation in Toronto is not directly comparable to that in Montreal. The dispersal of facilities is a less acute problem, although the main location on Jarvis Street is badly over-crowded. Nevertheless a substantial degree of consolidation has already been accomplished, and there are opportunities for a careful re-examination of future requirements. The basic considerations affecting television production are closely similar in both centres. The analyses of studio and rehearsal-hall utilization and the general questions of operational and administrative efficiency suggest the need for careful review when planning the scale of new facilities in Toronto.

#### *Facilities*

Present and proposed facilities in Toronto are as follows:

	<i>Present</i>	<i>Proposed</i>
Net usable area .....	450,000 sq. ft.	670,000 sq. ft.
Television studios .....	6	6 + 1
Television rehearsal halls .....	10	12
Radio studios .....	12	13

The new plans call for an estimated expenditure of \$41 million, but—as in Montreal—this includes \$10-15 million required in any event for the modernization of the present obsolescent electronics. The cost of providing fully for colour television would be approximately \$8.5 million. The total projected cost is therefore in the order of \$50 million.

#### *Alternative Toronto Sites*

The CBC owns a 35-acre site in Don Mills, which is intended for its new consolidated operation, and the choice of this location has been a matter of controversy in recent years. It is contended by some elements within the Corporation that, in adopting the extensive layout proposed

at Don Mills, the CBC will sacrifice the great advantages of a downtown locale for its creative people. This is not just a matter of mere convenience but a source of real concern that the relative isolation of Don Mills will tend to destroy necessary continuing contacts between those involved in television production and their natural associates in the cultural milieu of the urban centre. The same objection is raised by the city planners, who deplore the removal of a vital cultural activity from the centre of the city to the suburbs. Just as the Montreal civic authorities want the CBC to contribute to the revitalization of an old part of the city, it is held that the CBC and its creative people play and should continue to play a large part in building a strong cultural life in downtown Toronto.

We are persuaded that these are valid considerations which outweigh the undoubted attractions of the large site in Don Mills, and that they militate decisively in favour of its abandonment. A plan addressed to meeting the most urgent problems downtown, either by augmenting the present Jarvis Street location, or elsewhere if another suitable site could be found, should be developed.

The older facilities on Jarvis Street need to be replaced quickly. The television building is badly overcrowded, the television studios are poorly equipped, and the radio building needs to be entirely renewed. The possibility of finding a suitable new downtown location free for development is limited, but has not yet been exhaustively explored. Alternatively, a full examination should be made of the potential of the existing Jarvis Street and other locations, supplemented by whatever adjacent space could be acquired.

#### GENERAL CONCLUSIONS AND RECOMMENDATIONS

We must emphasize that our analysis clearly confirms the need for immediate relief, both in Montreal and Toronto. We are equally sure that existing CBC plans for rectifying this situation are not well founded. In our view, they take insufficient account of new and prospective developments and trends, both in programming and electronics, and are consequently too extravagant and inflexible. We are satisfied that they should be reviewed *ab initio*, and redesigned in accordance with the principles we have advanced above.

While the cost of the ultimate solutions may well be less than that now estimated by the CBC, and would presumably be incurred over a longer period, heavy expenditures are inevitable. But a complete revision

of present plans would have two definite advantages. First, expenditures on consolidation would be less at the very time when other CBC requirements are at a peak. Second, it would facilitate the revision of CBC programming policy and organization recommended elsewhere in this report, enabling those changes to be allowed for in the new plans for consolidation.

These broad considerations apply to all the requirements for new television and radio facilities in other CBC production centres. These must not be neglected or indefinitely deferred in favour of the two network headquarters, for there is indisputable substance in the contention that more attention should be paid to the contributions that all parts of Canada should be making to national network programming.

To summarize, we are convinced that the present CBC plan for consolidation in Montreal should be discarded. New designs should be put in hand for a building on the site on Dorchester Boulevard East, taking into account both the recommended transfer of the head office to Montreal, and the potential future use by the CBC of the facilities to be built for Expo '67. The new plans should be based on a realistic reappraisal of studio sizes, the number and size of rehearsal halls, staff economies arising from improved efficiency, and—having regard to the cost of comparable projects—the size and design of the proposed tower.

For Toronto, we are satisfied that the CBC should relinquish its Don Mills property. Possible sites in downtown Toronto should be explored, with particular attention to the potential suitability for redevelopment of the present Jarvis Street site, along with adjacent property to be acquired by purchase or expropriation. New plans should then be developed for partial consolidation on the selected site in downtown Toronto, taking into account other premises now in use by the CBC that might advantageously or usefully be retained.

*We recommend:* That new plans should be undertaken immediately for CBC facilities in Montreal and Toronto, and that modernization and consolidation in all other CBC production centres should proceed as funds permit but without undue delay.

# 12

## COMMERCIAL ACTIVITIES

*Aujourd'hui, ce qui ne vaut pas la peine d'être dit, on le chante.*

Pierre-Augustin de Beaumarchais (*Le Barbier de Séville*)

### THE BACKGROUND

The cost of broadcasting, and of television in particular, is so great that it can be justified only if it reaches a fairly large audience. If it does, a side-effect is that many programs can attract commercial sponsorship which, if the potential audience is large enough, as it is in the United States, may by itself provide more than sufficient revenue to cover the whole cost of broadcasting.

In 1932, referring to Canada, Sir John Aird said "it seemed plain in 1929, it is plainer still in 1932, that an adequate national broadcasting service in this country will need more revenue than private enterprise can raise from operating broadcasting stations for gain." This view was supported in the report of the 1957 Royal Commission on Broadcasting, which said "Canada's economy is just not big enough to support a broadcasting system on commercial revenues alone," but went on to make the important qualification that "at least it would not be one we would want to have or one that would be more than the scattered outposts of American broadcasting networks."

Thus, although radio was supported entirely by commercial revenues in its early days, since 1935 the public sector of the Canadian broadcasting system has also been supported by an annual public grant. In 1949-50, the net operating cost of the CBC, excluding commercial

revenue and depreciation, was \$5.5 million; in 1964-65, it was \$85.9 million. In the same period, the net commercial revenue of the CBC rose from \$2.3 million to \$27.2 million, and then declined to \$24.4 million.

In the course of our inquiry, no voices spoke to us in anything but ringing tones about the necessity of preserving the CBC as the essential element in the national broadcasting system and the main bulwark of Canadian identity. But there was less unanimity about how this should be achieved and, in particular, we received much conflicting advice on the future of the dual system, developed during the past thirty years, by which Canadian broadcasting is supported partly by commercial revenues and partly by public grant. The question now is whether the public sector, the CBC, should withdraw altogether from commercial competition, and if not, to what extent it should actively seek to earn commercial revenues.

### THE PROBLEM

Broadcasting is a significant factor in the national economy. It reaches a wider cross-section of the community more continuously than any other medium of mass-communication yet devised by man. In particular, television is the most powerful persuader available to the modern advertiser and accounts for more than 20% of the total expenditure on advertising in Canada; it is a compelling force in the market-place. But television is also the most costly form of advertising, and is therefore particularly dependent on its ability to attract a mass audience. The larger the audience, the lower the proportionate cost per viewer, and the greater the return the advertiser may expect. Thus the advertiser is interested, almost exclusively, in relating the cost of his advertising to the probable size of the audience for any particular program; this he gauges on the basis of the independently produced 'program-ratings' derived from standard sampling procedures, which purport to give a comprehensive analysis of the proportionate audience for different types of program.

The short history of television is confined almost entirely to commentary on its misuse, its tendency to triviality, its preoccupation with the mediocre, its only rare flashes of brilliance, and its generally infuriating posture of promise unfulfilled. It has a proven record of success in capturing and holding audiences of millions with its elec-

tronic imagery; but it makes little attempt to lead public taste and is most often content to rely on meretricious entertainment of an escapist nature. It is a strange paradox that many of the most brilliant television producers are now coming to regard advertising as the most rewarding outlet for their creative abilities, with the result that brief commercial messages are sometimes more entertaining than the indifferent entertainment they support.

Television is thus the sleeping giant which some hope will eventually arouse itself and claim its rightful place in the history of man's greatest achievements. This hope is the main foundation of the argument that the CBC should withdraw altogether from commercial activity, which is propounded by two distinct groups of opinion. Some supporters of public broadcasting see commercialism as an essentially debasing force and argue that the public sector should be purified by its exclusion. At the same time, some proponents of unregulated commercial broadcasting see the proper role of the CBC as a programming agency catering only to minority audiences with uplifting and basically Canadian material, leaving the private sector free to make hay while the sun shines for them on the big wide field of popular entertainment.

If the CBC is to be responsible for providing a comprehensive national broadcasting service, we do not believe that either of these arguments is worth serious consideration. Whether withdrawal from all commercial activity were regarded as purification or specialization, it would amount in practice to emasculation, for the public sector would be rendered unrealistically and increasingly remote from and incomprehensible to the great mass of the people whom it is intended to serve. The point has been well put in a recent editorial\*:

"A strictly non-commercial policy would bar the CBC from carrying a good many popular programs, not only American network shows but also sports events where the rights are owned by the sponsors. It would also prompt private stations to drop out of the CBC network because they would lose revenue on unsponsored programs. The results would be something less than the comprehensive service which the Canadian Broadcasting Service is obliged to provide to the maximum number of Canadians."

The editorial goes on to comment critically on the present extent of CBC commercial activities, with arguments for some retraction. In other words, many people see the complete elimination of commercial activity by the public sector as a goal that is not only unattainable but inherently undesirable.

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\* Toronto Daily Star, May 28th, 1964.

## *Views of 'The Troika' Participants*

In May 1964 a combined statement on broadcasting policy was submitted to the Secretary of State together with individual statements by its authors—Dr Andrew Stewart, Chairman of the Board of Broadcast Governors; Mr Don Jamieson, President of the Canadian Association of Broadcasters; and Mr J. Alphonse Ouimet, President of the Canadian Broadcasting Corporation. Almost the full range of public opinion on CBC commercial activities is represented by the following excerpts from their individual statements.

### DR STEWART:

"It is my opinion that, in principle, the public service should be operated on a non-commercial basis, leaving the market for advertising revenue as the means to support the private service.

"There are three principal reasons for this view. First, I believe the Corporation would have greater capacity to devise a public service designed to serve the national public interest, i.e. would have greater freedom in performing its role, if it were not obliged to seek programs which are good commercial vehicles. Second, the commercial activities of the Corporation are an important element in the competition between the public and private sectors, and a constant source of irritation to the latter. Third, the administrative problems would be reduced.

"I agree it would be impossible to move to this position immediately. There are two principal reasons for this. First, the amount of support for television which the Corporation now draws from the market is not inconsequential. The immediate loss of this revenue, unless compensated by a corresponding increase in public funds, would make it impossible for the Corporation to maintain the quality of the public service. Second, as long as the payments to private stations carrying the CBC service are made through sharing in the commercial revenues of the CBC network, it is impossible for the Corporation to discontinue its commercial activities."

"In any case, I recommend strongly against any tendency to a more aggressive commercial policy on the part of the Corporation. It is my opinion that, as a general policy, the Corporation should not be expected to increase its total commercial revenues, and should rather be expected to decrease them over a period of time, particularly if the dependence on private facilities for the distribution of the public service is progressively reduced.

"In any event, it is important, in my opinion, that the commercial policy of the CBC be clearly defined and known to private broadcasters and the Board."

### MR JAMIESON:

"Whatever the justification for heeding ratings when these determine advertising revenues, the monies provided publicly to support the CBC should not be affected by popularity polls and similar devices."

"If the CBC could serve national objectives and, at the same time, achieve domination, or even parity with other broadcast services in the ratings field, then there would be little need for public financial support as a 'national broadcasting service' would then be an attractive proposition for advertisers. In this connection, it is worth examining the concept that the CBC should provide only those services which private broadcasting cannot provide. This argument has won strong support in many quarters. It stems from the question: 'Why should the state have to pay for what private sources are perfectly willing and able to provide?' This might have been a valid argument if there had been both a public and a private service, available to all Canadians from the very beginning. However, for a number of

reasons there was no such parallel development. Therefore, as noted earlier, the CBC service was shaped, at least in part, to meet the need of the moment. Today, in some respects, that need is not as great. Private broadcasting is providing more types of service to many more people. It is logical to assume, therefore, that the responsibilities of the public sector, in such fields, has diminished. This would seem to be especially true in the areas of non-Canadian light entertainment, some types of non-Canadian 'significant' programming and particularly, though not exclusively, in local, or community service activities.

"This does not mean that the Corporation should abandon such fields entirely. There is room for some such material in the overall 'mix' of the CBC's service. However, just as each hour devoted to imported programming means one less hour for Canadian productions, so each local program on a CBC station, particularly in prime evening periods, reduces the amount of such time which can be devoted to national and regional programs. Also, the type of program service offered by the Corporation will have an effect on the service provided by the private sector."

"The two factors responsible for much of the reported conflict between the public and the private sectors are CBC commercial policy and the problem of extension of service. Although this conflict is often greatly exaggerated, there are occasions when it does exist. As a rule it is prompted by uncertainty, amongst private broadcasters, concerning the nature of CBC activities and their possible effect on the private sector. Of necessity, private stations must conform to BBG regulations. In addition, they are governed by economic considerations and what they can do is determined, in large measure, by the amount of advertising revenue available. In other words, conditions in the market determine rates that can be obtained, prices that can be afforded for films and other programs, salaries and talent fees that can be paid, and many other important factors affecting station operation, performance, and even survival."

"The Corporation, on the other hand, functions on an entirely different principle. Indeed, the provision of very substantial amounts of public monies is for the express purpose of relieving the CBC of the need to be dependent on the market-place. Yet, the Corporation continues to operate under Parliamentary instructions, inherited from a Royal Commission, to be as aggressive as possible in its commercial activities. Despite the best of assurances to the contrary, private stations never can be convinced that the CBC is not engaging in unfair commercial practices. Actually, there is no proper basis for comparison nor, as noted earlier, is it possible for the two systems to compete 'on an equal footing'. Yet, the private broadcaster is entitled to some assurance that, where he must compete with the CBC, the nature of the competition will not be altered drastically, and in a manner with which he cannot possibly cope. Such an assurance could be provided if there were Parliamentary approval of the amount of commercial revenue which the Corporation was authorized to raise, and of the manner in which it is proposed to obtain the stipulated amount."

MR OUIMET:

"Advertising is still important to the CBC in that it lessens the demand on the public purse by more than thirty millions per year; it enables the CBC to broadcast certain programs of wide public interest which are not available on a non-advertising basis; and by accepting advertising the CBC networks are made available to the Canadian business community which has no similar national advertising outlet available.

"While the continued availability of advertising to the CBC is desirable for the foregoing reasons there are limits to the amounts and kinds of advertising which the CBC should continue to accept. The volume of advertising and the Corporation's dependence on advertising revenue should never reach a point where it interferes with the CBC's implementation of its aims and objectives as outlined

in the CBC mandate. While Canadians hold varying opinions on this subject, ranging from suggested outright rejection of advertising to maximum participation the degree of advertising participation in relation to the role of the Corporation is a matter for continuing study and assessment by the CBC Board of Directors and Management alike. The kinds of advertising acceptable to CBC is also a matter for similar study and assessment and the Corporation maintains a commercial acceptance policy which limits the type of products accepted for advertising.

"The above major limitations are self-imposed and will continue in force unless otherwise directed by Parliament."

"The private sector has a proper concern with the total advertising picture but it is perhaps unfortunate that from time to time the commercial activity of CBC is believed responsible for a drop in revenue in certain parts of the private sector. This feeling is not supported by the facts."

"The private broadcaster's most direct competition originates with other private broadcasters. For example, the advent of 'second' television stations in Canada's major markets had a marked effect on smaller-market private stations across the country and on the CBC as well.

"A retreat from advertising dollars by the CBC on the grounds that it would help the over-all private sector would not be warranted.

"It has also been suggested that the CBC might wish to consider leaving the field of local advertising completely to the private stations. While this step can be considered it would not appear to solve very much because (a) CBC local business is not extensive and (b) CBC engages in local business mainly in the larger centres where retail sales are adequate to support this activity by more than one station."

"At various times it has been suggested by Royal Commissions and Parliamentary Committees that the Corporation be more vigorous or less vigorous commercially. The Corporation currently is operating at a commercial level of over \$30,000,000 gross per year.

"In my view this entails too much commercial activity for the Corporation. This level of commercial income can only be achieved at the expense of restricting time availabilities for Canadian programs, especially in the peak viewing evening hours, and some relief would be beneficial."

The theory has been advanced that the Corporation might operate on a completely non-commercial basis. Under present and similar circumstances I do not think such a move would be either practical or desirable."

Thus, while Mr Ouimet occupies the middle ground between the more extreme positions of Dr Stewart and Mr Jamieson, all three are agreed that the commercial objectives of the CBC should, if they are to continue, be clearly defined, and that its commercial policy and method of operations should be stabilized and made publicly known.

## CONCLUSIONS

Having weighed all the facts and arguments, we can see no reason for the adoption of a public policy that would eliminate all commercial activity from the public sector. On the contrary, we believe that there are compelling reasons to justify the continuance and development of the present mixed system.

First, from the financial studies of the public and private sectors, the salient points of which are set out in some detail in Appendix A, we are led to believe that the share of advertising revenues secured by the CBC is not now a determining factor in the profitability of the private sector and is not likely to be in the future. We were assured by representatives of leading advertising agencies in Toronto that the demand for television advertising is rising steadily, while there is an ultimate limit on the time that can be made available on a limited number of channels; even today, they told us, total elimination of CBC advertising would create a level of demand on the private stations so great as to make it virtually impossible for them to undertake any appreciable amount of public service broadcasting. Moreover, we agree with Mr Ouimet's contention that a withdrawal from commercial activity would be of little if any benefit to the private sector as a whole; almost the whole benefit would accrue to the private stations in the largest markets, which already make the largest profits. We are satisfied that the probable continuing growth of advertising revenue can comfortably accommodate both the private and the public sectors of the Canadian broadcasting system.

Second, we agree with the statement of the Massey Commission\* (which applies equally to television), that "so long as Canada's neighbour maintains a commercial radio system, Canadian radio can never be completely non-commercial." Whether we like it or not, we are part of a North American socio-economic system in which Canadian tastes are influenced by the flood of entertainment and advertising emanating from the United States. The only partial exception from this proposition is that the French language has acted as a not entirely effective barrier in the predominantly French-speaking parts of Canada. It is an observable fact that there is in Canada today a strong public demand for the type of television programming that emanates from the New York-Hollywood production machine. The Canadian problem is and always will be how to avoid being smothered by this friendly embrace, which cannot be rudely brushed off.

Third, it is by no means certain that the elimination of advertising would make CBC programming livelier or more significant in terms of its broadly based public appeal. In 1951, on the eve of the introduction of television in Canada, which was to result in a fundamental change in the role of radio, the Massey Commission\* concluded that abandon-

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\* Royal Commission on the Arts, Letters and Sciences—report, 1951, p. 291.

ment of the \$2 million revenue from advertising on radio (which has surprisingly remained pegged at around the same level for the past fifteen years) would weaken the ability of the CBC to produce sustaining programs of high quality. The Commission noted that many commercial radio programs were good in themselves and feared a general lowering of program standards if all commercial activities were abandoned.

Our discussions with Canadian producers and artists disclosed weighty support for this opinion, and in no way substantiated the vague idea that advertising or commercial considerations unduly influence the creative process. The advertisers' criterion of acceptability does, of course, to some extent inhibit the range of marketable programming, because esoteric or controversial material conflicts with the logical advertising objective of reaching and pleasing the largest possible audience. But in a composite national broadcasting system there should be ample room for all types of programming, and there is strong support for the view that an element of competitive challenge makes for a livelier and generally higher standard of programming quality. There is a real danger that if sponsorship were eliminated, the entertainment content of CBC programming would decline in quality and be swamped by the esoteric and the *avant-garde* to an extent far beyond the present absorption capacity of the Canadian public at large.

Fourth, television advertising is not only a useful service to commercial interests and a valuable source of revenue for the CBC; it helps to promote the creation of realistic and acceptable programs, and to achieve a sound program-balance in the CBC schedules. Canadian broadcasting must adapt itself to the facts of Canadian life. Nobody is compelled to look at or listen to Canadian programs, and most households can turn to other stations. Their signals cannot be excluded. The general level of cultural life in Canada will not be raised, if that is the objective, by culturally rich programs that do not win an audience. There is no value or purpose in producing the best programs in the world unless they are seen or heard by a sizeable audience. This is the fundamental problem that Canadian programming must resolve. The public is addicted to light and inconsequential entertainment, which it can get elsewhere if it chooses. Programs regarded as trashy by intellectuals win sponsors because they attract large audiences. Sponsorship is a result—not the cause—of the predilections and taste of the public.

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\* Op. cit., p. 291.

The notion that broadcasting should be mainly an instrument for the dissemination of culture, consciously spoon-fed to the general public, is untenable. Equally invalid is the proposition that broadcasting should 'give the public what it wants', because what the public may seem to want today may not be what it wants tomorrow. Some programs may not please the million today, for they are caviar to the general; but there is no telling whether a man likes caviar until he has tried it. If the national broadcasting service is to inform, enlighten, and entertain, the programs served up as a regular diet for the general public cannot be all solid meat, or all caviar, or all sherbet. It must be a balanced diet.

One outcome of our inquiry is that the CBC now has an outline of what was first described as an ideal television program schedule and was later entitled 'Programming in the Public Interest'. We find it odd that such an obviously practical planning instrument should have come into existence only at the suggestion of an outside advisory committee of laymen. Had there been, among the most senior staff and within the Board of Directors of the CBC, the primary concern with programming that we believe to be essential, this ideal program schedule would have been created long ago.

At a meeting in January 1965, senior officers of the CBC argued from current statistics that Canadian television schedules contain too many programs produced in the United States and too high a proportion of commercially sponsored programs, and that by reducing the proportion of both, more Canadian programs would be produced and the general quality of programming greatly improved. We questioned this line of reasoning, for these bare statistics of program sources and sponsorship reveal nothing at all about the quality of programming unless it could be shown that all programs originating in the United States are poorer than Canadian programs, and that all unsponsored programs are better than sponsored. As this obviously cannot be established, the percentages prove nothing about the quality of programming.

Accordingly we suggested that the program schedules themselves should be reviewed, their weaknesses and inadequacies determined, and their improvement planned. Having developed a richer, better balanced, and more comprehensive program fare with wide popular appeal, it would then be possible to see how much might usefully be imported from the United States and how much might reasonably be expected to win commercial support. All these factors together would contribute

to the estimation of the net cost of more satisfactory CBC programming.

The outcome of these suggestions was the CBC study 'Programming in the Public Interest', which produced an estimated additional expenditure far higher than we could justifiably recommend. For the prime evening hours alone, the CBC estimated an annual extra cost of \$12 million for programming improvement, coupled with an estimated loss of \$8 million in commercial revenue. Both these figures appear unnecessarily high; in particular, we do not understand why there should be any considerable reduction in the present levels of CBC audiences or any appreciable loss of sales revenue if programs are substantially diversified and improved. Nonetheless, this exercise has certainly not been a wasted effort, for the CBC now has, for the first time in its history, a long-term objective for programming policy based on what experienced CBC officials believe to be in the public interest.

Our general conclusion, then, is that the policy best suited to present and foreseeable future Canadian circumstances is that the CBC should seek at least to maintain its present share of the advertising market for both television and radio. But this conclusion must be related to our over-riding conviction that the CBC must give top priority to programming and seek to achieve a satisfactory balance in serving the varied tastes of the Canadian public.

### THE FUTURE

Officially, the CBC contends that it is required to earn too much commercial revenue, to the serious detriment of its programming, and is thus forced to compromise on its proper objective of providing a comprehensive broadcasting service that is basically Canadian in content and character. The Corporation has accordingly recommended, both to the Government and to this committee, a complete withdrawal from radio advertising over the next five years and a set target of only \$25 million a year for total net revenue. This fixed ceiling would, of course, represent a steady decline in terms of percentage of the total market, for advertising expenditures are expected to continue their steady rate of increase. In fact, on the basis of projections available to us and the CBC, the proposed target of \$25 million would represent 25% of the potential market in 1966, dropping to only

17% by 1970. Yet the Sales Policy and Planning Division of the CBC has made a projection that CBC earnings could be increased in five years to a level of \$40 million, which would represent an increase over the present \$30 million level of about \$6½ million in constant dollars.

The CBC propose that the planned reduction in commercial revenue should be compensated by a \$5 million increase in the public grant, so that their total resources would remain around the present level. But to improve programs, the CBC needs more money, not the same amount. A few commercially sponsored programs could perhaps be dropped in prime time, but the need to attract and hold a substantial audience for consecutive sponsored programs is likely to demand production of programs very similar in general character to those now being shown, at the same or even greater cost. If an extra \$5 million in the public grant were applied to program improvement, the public purse would be no better or worse off than under the CBC proposal while the wider audience-appeal should lead to an increase in the size of CBC television audiences. Larger audiences entail increased saleability for all types of programs, and if a realistic improvement in programming is achieved, there is no reason why the CBC should not earn more revenue, not less, than it does today.

We accordingly recommend that the CBC should not arbitrarily limit itself to a target of \$25 million but should actively seek to retain its present 25% share of the television advertising market and 4% share of the radio advertising market. The effect of this recommendation, translated into revenue dollars, has been taken into account in our recommendations for financial provision for the CBC, but on no account should they be regarded as restrictive ceilings. We are satisfied that these levels of commercial revenue can be maintained in conjunction with an appreciable relief from the commercial pressures to which the CBC now believes itself to be subject, and there is evidence that they might indeed be raised without upsetting an improved program-balance. We were told, for example, by some owners of private radio stations that the present low level of CBC radio sales can be largely ascribed to poor selling. If television and radio sales can be increased to capture, say, 30% and 6% of the respective advertising markets, so much the better; for the additional revenue so obtained could be devoted to further improvements in programming quality.

### *The Domestic Market*

In an article published in 1960\*, Alan Thomas developed useful distinctions, between the market, the public, and the audience, which are of particular relevance to the sales potential of CBC programming. He concludes his analysis by saying that "the *Audience* is an entity in its own right and must be understood as such." The principal inference to be drawn from his propositions is that it is nonsensical to speak of 'giving the public what it wants', for the *Public* comprises many *Audiences*, for each of which, however small, there must be a *Market* of some kind. The chief object of market research in broadcasting should therefore be to identify every audience large enough to justify the cost to its related market of making a broadcasting approach.

These arguments have particular relevance to the programs categorized by the CBC as 'available—not sold'. Our observations confirm the view of the Glassco Commission† that "the potential sale of cultural programmes to prestige advertisers is not being fully explored." We believe that many of the 'cultural' programs of the CBC reach a substantial but specialized audience that is of commercial interest to specialized markets. Very little is known about the constitution of this audience, and too little has been done to identify appropriate markets and secure commercial sponsorship for these programs, much less in fact than has been done in the United States. Our belief is buttressed by the very recent but rapid growth of commercial messages on FM radio specifically aimed at the kind of audience that is likely to be listening to programs that have a markedly high 'cultural' content.

We accordingly recommend that the CBC should engage in more radical market research in relation to programs of high 'cultural' content, and should develop more positive efforts to reduce the number of programs categorized as 'available—not sold'.

### *The Market Abroad*

We are much impressed by the potential export sales market for television program material. In addition to the multiplying opportunities for valuable exchange arrangements with other well developed countries,

\* 'Audience, Market, and Public—An Evaluation of Canadian Broadcasting'—Canadian Communications, Vol. 1, No. 1, Summer 1960, pp. 16 ff.

† Royal Commission on Government Organization—Report No. 19, Volume 4, p. 46.

there is a tremendous future sales potential in the large demand for ready-made program material that will be generated by the newly developing countries as they establish their own broadcasting systems.

In 1964, the Television Enterprises Division of the British Broadcasting Corporation did business with 95 countries, and sold or otherwise arranged for the distribution of 7,000 BBC programs and series to some 256 broadcasting and other organizations. The Division sells complete programs or films, leases out BBC facilities, licenses the makers of games and novelties associated with BBC programs, and generally gives close consideration to any potentially lucrative enterprise that may improve the financial position of the Corporation. At the same time, the Division acts as the buyer for all BBC film requirements, and engages in co-production arrangements for BBC film-program requirements. The volume of business runs to several million pounds sterling a year, and the report on the Division closes with a reference to the great potential overseas markets yet to be developed.

The CBC does, of course, engage in a certain amount of international program sales and exchange, but was handicapped for many years by the onerous 're-run' conditions of its union contracts. These conditions have now been appreciably modified, and we have no doubt that some new infusion of energy and initiative in the international program market could yield substantial financial benefit to the CBC. This conclusion is shared by senior executives of the private sector, who are looking more and more to cooperative programming arrangements as a means of lowering the end-product cost for the Canadian market. The benefits to be derived from extensive international program exchanges are not only financial. The unremitting demands of television for new material, day after day throughout the year, undoubtedly tend to debase the average quality of programming, for most programs are scrapped and forgotten after only one showing. Many deserve better treatment. Canada could certainly use more of the world's best programs, and the potential international market for the best of Canadian programs must be almost unlimited.

We have previously remarked on the need for better coordination between the CBC and its International Service in the general area of program distribution abroad; it is obviously more difficult to sell one Canadian program to a country that can get some other Canadian program from the International Service for nothing. We accordingly recommend that the CBC should undertake a careful and continuing study of the developing international market for program material, paying particular

attention to the profitable ventures of the CBC in this field. It should be noted that we have not included any allowance for additional international program sales in our recommendations on financial provision for the CBC, so that any additional revenue from this source would be available to meet unforeseen requirements or to pay for desirable but not essential improvements in programming.

### *Sales Organization*

Among the studies undertaken for us was one addressed to CBC sales organization and methods. Television sales represent 90% of total net advertising revenue. Network sales account for 61% of television revenue, while 36% derives from national advertisers using selected facilities and 3% from local or 'spot' sales. All network and national selective sales, which together account for 98% of the \$22.5 million worth of net television sales in 1964-65, are made by CBC sales groups in Montreal and Toronto, where nearly all the principal advertisers and their agencies are located. Radio, on the other hand, has adapted itself as a principal medium of local advertising directed to a particular community. The total gross revenue of the CBC from television and radio advertising in 1964-65 amounted to \$32.9 million, giving a total net revenue of \$24.4 million.

Our consultants expressed surprise, in view of the magnitude of CBC commercial activities, at finding that no one person has prime responsibility for directing and coordinating them. They recommend that an executive at the corporate level should be given full responsibility for and authority to direct all sales activities, and we have already endorsed this recommendation in the chapter on CBC organization. The consultants make other recommendations of a more detailed nature which are mentioned in Appendix A; their implementation should be the first consideration for the senior executive appointed to take charge of the CBC sales organization.

Commercial activities are a legitimate and necessary part of the public broadcasting service, and should therefore be actively pursued with all the skills and attention that can be mustered.

### RECOMMENDATIONS

We trust we have made it clear that we do not regard substantial commercial activities as incompatible with the duty of the CBC to

provide a comprehensive broadcasting service that is basically Canadian in content and character. It is necessary to reiterate the point only because earlier statements on CBC commercial activities have been persistently misinterpreted.

The 1957 Royal Commission on Broadcasting found that there is an appropriate place for commercial activities in the public sector of the Canadian broadcasting system, and recommended that the CBC should adopt more aggressive commercial policies without defaulting on its public-service responsibilities; the finding and recommendation were subsequently endorsed strongly by a parliamentary committee. Ever since, the CBC has contended that any weakness there may be in its program schedules is to be attributed to its efforts to implement that recommendation. Similarly, in 1963, the Glassco Commission declared that "if the Corporation is to continue its commercial activities and rely on them for a substantial part of its total revenue, the factor that over-rides all other considerations is the necessity of building up a strong sales organization from coast to coast." This statement was made in the specific context of a section criticizing the CBC sales organization and immediately following a statement that the subordination of sales to programming tends to aggravate excessive commercialism. Yet CBC Management has chosen to ignore both context and preparatory qualification in taking the Glassco Commission to task for advocating increased sales activity, allegedly at any cost.

All that the two Royal Commissions were intending to convey was that if a thing is worth doing at all, it is worth doing well. Trite but true, this aphorism defies contradiction, and we have said the same thing ourselves in different words. Its application is not confined to commercial activities. It applies with equal force and simultaneously to programming. Better programs will reach larger audiences and lead to increased sales. Deeper market research and better salesmanship will increase the funds available for the improvement of programs. The two functions are separate in their immediate aims but their ultimate objectives are totally interdependent.

*We recommend:* 1. That the CBC should continue to seek commercial revenue from both television and radio, and that the minimum targets should be set at 25% of the television market and 4% of the radio market.

2. That the revenues projected from the preceding recommendation should be taken into account in determining the provision of public funds for the CBC.
3. That recommendations of the consultants on the reorganization of CBC sales activities should be considered, with a view to early implementation, by an officer appointed to have full responsibility for and authority to direct them.
4. That the recommended White Paper on broadcasting policy should include a directive on the commercial objectives of the public sector of the national broadcasting system.

## **PART IV**

### **THE PRIVATE SECTOR**



# 13

## PRIVATE BROADCASTING

*Barring that natural expression of villainy which we all have,  
the man looked honest enough.*

Samuel L. Clemens (A Mysterious Visit)

### GENERAL COMMENTS

We confess that, after a long and detailed examination of the public sector of Canadian broadcasting, we had intended to give equally full treatment to the private sector. However we have said a great deal about private radio and television in other chapters, and there is little value in repeating it all now.

To summarize briefly, private radio and television stations are an integral and valued part of the Canadian broadcasting system. They are holders of public franchises, and as such are subject to public control and direction of their performance. Control should be exercised and direction given by a single board, the Canadian Broadcasting Authority, since the national broadcasting system comprises closely related public and private elements with a common purpose, and the common purpose should be subject to common direction and control.

The private sector is somewhat larger than the public sector. Its revenues are, in total, slightly higher, it employs as many people, and it has more stations. The physical picture of private broadcasting in Canada is given in Chapter 3. There is a total of 59 privately owned

television stations, of which 44 are affiliated with CBC networks, 11 are affiliates of the private CTV network, and 4 are independent. In radio, there are 231 private AM stations, of which 84 are affiliated with the CBC French or English networks, and 49 private FM stations, of which 11 are owned by AM stations affiliated with the CBC.

The programming of private television stations is heavily dominated by light entertainment, derived mainly from foreign sources and particularly from the United States. As a result, their program schedules are unbalanced; they do not provide sufficiently wide variety, and do little to further the development of a Canadian consciousness. In the words of the President of the Canadian Association of Broadcasters, they do little "to provide a means through which Canadians can talk to other Canadians." Much the same can be said of private radio stations; they are essentially local in their programming approach and do not share in, or greatly contribute to, the national purposes of the Canadian broadcasting system. Neither in television nor in radio do the private broadcasters make an adequate contribution to the development and support of Canadian artistic and creative talent. On the other hand private stations, especially in radio, provide a valuable and realistic local service to their communities. Mention should also be made of the program exchange arrangements of the Canadian Association of Broadcasters, started in radio in 1962 and now beginning tentatively in television; this is a useful start on cooperative programming which could be greatly expanded and developed.

The financial situation of the private sector was examined by our financial consultants, and their report appears at Appendix A. Briefly, private radio stations, taken together, improved their operating results by 50% in 1962 over 1961, and maintained their net profit position in 1963. Private television stations as a group moved from a loss position of over \$4.5 million in 1961 to a profit position of over \$3 million in 1963. These industry totals naturally hide the fact that some stations show a loss while others show a profit, but the number of the former is shrinking, and the private broadcasting industry, both in radio and television, is showing substantial financial improvement.

Virtually no parliamentary direction has been given to the private sector in the past, and we repeat our recommendation that Parliament should set goals for the private sector as well as for the public sector. The Broadcasting Act and the proposed White Paper should recognize the role of the private sector in the Canadian broadcasting system and clearly define its duties.

## PRIVATE AFFILIATES OF THE CBC NETWORKS

In both radio and television, the CBC relies on privately-owned affiliated stations to give national coverage for the national program service. The joint use of public and private stations goes back to the beginning of radio in Canada. When certain private stations began broadcasting, there was a period of uncertainty about the extent of public control and participation in the use of the new medium. Eventually a mixed public and private system evolved, with some private stations licensed to operate as affiliates of the CBC to provide a national radio service, and other private stations unaffiliated but subject to general regulations as to performance. For a number of years the CBC operated two national radio networks in English and one in French; with the development of television, the second English network (the Dominion Network) shrank in importance and value and was discontinued, and the total number of CBC radio affiliates was consequently reduced.

The history of the television affiliates is more recent and simpler. When television began in Canada, the Government adopted what was known as the 'single channel policy'. In order to bring television services as rapidly and evenly as possible to all parts of Canada, and also as economically as possible, the CBC was empowered to establish television stations in six of the larger cities—Halifax, Montreal, Ottawa, Toronto, Winnipeg, and Vancouver. In other centres, one channel was opened to private application, on the condition that the station should be affiliated with the CBC national network to carry the CBC national program service. In this way, a national television service was rapidly developed. There was only one station—public or private—in any community, and they were all appropriately linked together to form the CBC French and English television networks. This arrangement, which continued until 1960, was simple and relatively smooth and peaceful in operation.

The decision made in 1958 to abandon the 'single channel policy' was inevitable and proper. National coverage had been substantially achieved, and television channels assigned for Canadian use were lying idle. The CBC already had stations in six large cities, and could not reasonably be required or permitted to provide a second service in them. Accordingly, the second channels were opened to private operation, and private operators were licensed to provide an alternative service in the larger centres of population. However the existing CBC

networks remained, consisting of some publicly owned and some privately owned television stations. The latter continued to hold their licences to use television channels on condition that they would be part of a CBC network to provide national distribution of the national program service.

There are two network advisory committees—one for television and one for radio—which bring together officials of the CBC and representatives of the affiliates to discuss operations and the relations of the public and private members of the CBC networks. We had useful discussions with representatives of these advisory committees, and both clearly afford a valuable means of facilitating cooperation between the CBC and its affiliates.

Relations between the CBC and its radio network affiliates seems reasonably good. The affiliates expressed a desire for more flexible and vital programming on the national network, which we have endorsed elsewhere in this report. They suggested that the CBC is not sufficiently involved in the problems of the private radio affiliates, while they in turn are not sufficiently involved in the CBC national radio program service. There is an evident desire among the radio affiliates for closer cooperation with the CBC, and this should evoke a positive response.

The existence of second television stations has undoubtedly strained the relationships between the CBC and its affiliates. Until two or three years ago, relations were easy and relatively happy, but competition from unaffiliated private stations and community-antenna services has caused a mounting pressure from the affiliates for a reduction in the amount of reserved time, and for more programs of popular appeal.

The financial arrangements between the CBC and its television affiliates are complicated. Essentially they involve sharing the revenues derived from national advertisers using the network service. If the content of sponsored programs in the network service declines, the revenues to the affiliates go down. If the CBC produces or provides programs of wide popular appeal and sells them to sponsors effectively, revenues go up.

But the pressure applied by the affiliates is not essentially a demand for more money. They want, from the network, programs that will compete in the ratings race with the popular light entertainment provided by the unaffiliated stations. They would rather have programs that win a large audience, even though their share of advertising revenue is small, so that when they 'go local', the adjacent programs

they themselves provide will have an established and large viewing audience, and will thus yield them larger profits.

The affiliates should recognize that they continue to hold their licences on the condition that they carry the CBC national program service. This is why they were given their licences, and if they do not wish to meet this condition, others can probably be found who will. We think the CBC should provide a balanced and varied national program service of a high quality. Skilfully done, this will have popular acceptance, and substantial parts of it will win advertising sponsorship. Moreover, if our recommendations for the improvement of programming by the whole of the private sector are implemented, the programs broadcast by the unaffiliated stations will approximate more nearly to those on the CBC service, and this may well tend to ease the competitive pressures on the CBC affiliates.

If, however, the paramount need for the CBC to provide a balanced national service of the highest quality should cause a serious decline in the revenues of the affiliates, alternative means should be found to recompense them fairly for carrying it. There is no magic in the present formula for sharing the national advertising revenue. What is important is that the quality of the national program service must be maintained, and that the legitimate and reasonable interests of the affiliates must be taken duly into account.

Within the ambit of these basic and rather cold principles, there is a wide area for warm and active cooperation. The purposes of the CBC and its affiliates are essentially the same. Most of the affiliates, we were told, are willing and proud to be members of the CBC network, and they want it to be the best network possible. There is a great identity of interest between the CBC and its affiliates, and we are certain that the problems and frictions between them can be resolved.

#### PRIVATE NETWORKS AND GROUPS

There are two interrelated and sometimes conflicting groups of private television stations broadcasting in English—CTV Television Network Ltd (CTV) and the Independent Television Organization (ITO)—which were formed separately at about the same time. Both had their origins in the decision to open additional television channels to private applicants, which followed on the report of the 1957 Royal Commission.

The ITO was formed in 1960, slightly earlier than CTV, as a voluntary organization of those who had recently received licences

to operate television stations in the larger cities of Canada. Subsequently, a full-time director was appointed, and the organization was incorporated as a non-profit corporation, with its head office in Winnipeg, to provide means for cooperation between eleven 'second stations' in St John's, Halifax, Montreal, Ottawa, Toronto, Kitchener, Winnipeg, Moose Jaw-Regina, Calgary, Edmonton, and Vancouver-Victoria. The principal object set forth in the Letters Patent of incorporation is:

"to promote and facilitate the dissemination of knowledge, information, culture, news and entertainment through private television broadcasting and to elevate the standard of television programs and television broadcasting generally".

We were unable to discover much of any substance that ITO has done to achieve those worthy objectives. It is mainly a joint purchasing organization for the acquisition of Canadian rights to show Canadian, British, and American television programs. It is not a network, but a means to mobilize the purchasing power of the eleven stations to compete with other potential buyers for programs—mainly American, and mainly light entertainment. When a program is jointly acquired by ITO, each station shows it on its own schedule and seeks to obtain advertising revenue from it. More recently, ITO has assumed a second function, and has become the vehicle for conducting a running battle with CTV, in which most of its members are minority shareholders.

The CTV network came into existence during 1960-61. A group of businessmen was formed in Toronto to apply for the channel that was opened to private licence there. When the group failed to obtain this licence, Mr Spence Caldwell approached the BBG on behalf of the group with a view to forming a private television network. Permission to do so was necessary, because Section 11(1)(g) of the Broadcasting Act of 1958 entrusted the BBG with the regulation of "the terms and conditions for the operation of broadcasting stations as part of a network and the terms and conditions for the broadcasting of network programs".

During the hearings of applications for second television stations in 1960, it was apparent to the BBG that cooperation between the private stations would be desirable to assist them in meeting the requirement to provide a proportion of programs basically Canadian in content and character. In May 1960, the BBG said in a press release:

"In the opinion of the Board, the production problems of individual stations can be eased and the quality of programming of second stations generally can be improved by arrangements for the exchange of programs between them and the production of programs for distribution among them. This service can be provided in part by the use of videotape; but other possibilities should be considered."

The statement went on to say that the distribution of programs by videotape does not constitute a network and therefore no permission from the Board is required. However, in a later statement dated June 30th, 1960, the BBG indicated its willingness to facilitate the creation of a private television network at an early date, and invited representations at public hearings on September 1st and 2nd, 1960, to determine the regulations governing private television networks. Following those hearings, regulations were published and applications to form a network invited. After further hearings, the BBG granted Mr Caldwell approval to form a network subject to certain conditions, including a requirement that not less than six affiliation agreements with private stations be obtained, that the minimum number of hours of reserved time provided in the affiliation agreements be not less than ten hours a week, and that the applicant provide the Board with a satisfactory outline of the proposed programming by the network. This approval was given on April 11th, 1961.

In his first discussions with the BBG, Mr Caldwell had proposed that the private network should be controlled by persons other than the affiliated stations, but that participation up to 49% in the equity of the company would be allowed. As it turned out, the offer of 49% of the equity to the affiliated stations was not fully taken up, doubtless because of financial pressures in the early days of station operations. The result is that only 23 or 24% of the stock in CTV is held by the affiliated stations; the balance of the capital, both preferred and common stock, was subscribed by private investors.

Operations began on October 1st, 1961, with eight charter affiliates, all broadcasting in English, and CTV still remains solely an English-language network. Three former affiliates of the CBC were subsequently added, making a total of eleven stations affiliated to the CTV. One private French-language station—CFTM (Montreal)—is now associated with ITO, the membership of which largely overlaps that of CTV. The CTV network has no production facilities, but owns and operates a master-control system and equipment to handle film and videotape feeds to the microwave distribution system. In noting this fact no criticism is intended, for there is already a substantial excess of production facilities in the private stations.

In late 1961, the CTV network started distributing programs to the network for eight hours a week. The supply was provided on tape, pending completion of the second microwave system. In January 1962,

network programming had risen to 14 hours a week, and averaged nearly 22 hours in 1962-63; there has since been some decline in the average. It must be kept in mind that the amount offered to and carried by CTV affiliates depends on the number of hours for which network sponsorship can be secured. Originally the affiliates undertook to carry up to 15 hours a week in prime time, but now accept only 11 hours at most; the general effect is to reduce the total number of network hours, for naturally CTV finds it harder to secure sponsorship outside prime time.

Affiliation is not a condition of the licence to broadcast, and the relationship between stations and the network is governed entirely by agreements negotiated from time to time. The BBG stated at the outset that affiliation agreements are subject to its approval, but the Board has not considered it necessary to require that a significant amount of network programming should be carried by the stations.

The programs provided by CTV are dominated by light entertainment and programs of mass-appeal. It has produced an adequate national news service, and has a relatively inexpensive weekly Sunday afternoon program called 'Telepoll', reporting the opinions of Canadians; for the rest, there are few programs of any real value or substance.

The CTV network has had a difficult time financially. Its fixed costs—especially for the microwave connection—have been heavy. It was to be expected that the early years of a new venture would show a loss, but the commercial power of the affiliates has been such that they have been able to negotiate agreements which give little hope of financial success for the network itself. The essential trouble is that the CTV affiliates do not want CTV to be a success. The station operators admit, quite frankly, that CTV is a private company organized to make money, and that most of the investment in it is held by people not in the broadcasting business. If there are to be any profits from private broadcasting, the stations want the profits themselves and are unwilling to let outsiders make money out of it.

What is happening here is that a private hassle between two competing groups is going on with little regard for the public interest. The stations, in their jealous concern that outside investors in CTV should not make a profit, have progressively made the affiliation agreements less attractive, so as to ensure that little profit is possible. In the process, they have curtailed the means for CTV to provide an adequate national service. We think that this unsavoury feud between private interests in

Canadian television should somehow be brought to an end—by voluntary action preferably, by compulsion if necessary. The public interest is paramount, and must be recognized. The private television stations are almost exclusively concerned with their own and local interests, of which the principal is that of making a profit. There is nothing wrong with making profits, but the private stations have national as well as local responsibilities, and have failed to use effectively the instruments at their disposal for accepting and discharging their national responsibilities.

We think there is a need in Canada for a private national television network. It is true that modern techniques, using film or tape, can provide perhaps 90% of a national program exchange without live transmissions. But the remaining 10% is important, and essential for actuality broadcasts. Major sports events, which should be included in any balanced program, must be transmitted as they happen. Even more important, news must be provided live, and the performance of any individual station would be totally inadequate if it failed to provide good coverage of national and international events, confining itself to local affairs. However, the national responsibilities of private stations will not be fully discharged by providing a live news service nationally and carrying a number of sporting events with wide popular appeal. In other types of programming—current events, drama, music, the interpretation of different regions one to another—the private stations have a national function to perform individually and by cooperative methods. They also have responsibility for some share in the development and use of Canadian talent but, as we have seen, have been woefully deficient in this regard.

We do not think that the necessary private television network should be allowed to fall into the hands of the private stations. They have not shown themselves to be competent or responsible enough to discharge this responsibility. Their efforts to cooperate usefully in ITO have not been impressive. In conversations with the ITO group in Toronto, they argued that some public service programs are produced by the stations individually but admitted that not much was now done cooperatively, although “a cooperative program service may develop”. They said that a joint monthly ‘special’ is being considered. The owner of one of the largest private stations admitted frankly that he had not fulfilled the program promises he made to the BBG on his application for a licence.

After five years of operation this is a sorry record of individual performance and cooperative effort. It does not create confidence in what the private stations would do if they had control of a private television network.

The need for better programming by private television stations, and for more Canadian content, cannot be disputed. If the attainment of this objective is entrusted to the Broadcasting Authority, the need for cooperative action in programming may become more apparent. Undoubtedly, cooperation can best be effected by the stations themselves. They have, in CTV and ITO, existing instruments which can be adapted and used for this purpose. They must resolve the present conflicts between the two groups and fashion an agency that will foster recognition of the national responsibilities of the private sector, and promote effective cooperation to discharge them. For this purpose, the network agreements should require the member stations, first, to undertake to remain affiliated so as to ensure continuing national coverage, and second, to carry an amount of network programming sufficient to enable them to discharge their national—as distinct from their purely local—functions. The private stations should be given the opportunity to make these arrangements voluntarily, in accordance with any public broadcasting policy that may be declared after consideration of this report. The Broadcasting Authority should be empowered by statute to give directions to this effect should they fail to do so within a reasonable time.

We suggest, but only for mature consideration, one possible way to provide more effective cooperation by the private television stations. The existence of two private groups, with substantially the same membership but with differing interests and purposes, is likely to lead to friction and conflict; it would be better if they were merged into a joint enterprise with common objectives. If outside private investment in CTV is really regarded as an obstacle to effective cooperation between the stations, and we think it a petty and rather silly attitude, there are ways to overcome the difficulty. The CTV could be reconstituted as a non-profit trust operating in the public interest. Provisions could be devised to convert the present share interests of the outside investors, at a fair valuation, into bonds with a reasonable rate of interest, and the operation of CTV could be entrusted to a board of trustees comprising representatives of the investors, of the affiliated stations, and of the general public—the latter perhaps nominated by the Broadcasting Authority.

We do not think we should recommend that steps be taken at this stage to effect this result. As a remedy for the present problems of CTV, it is sufficiently complicated and drastic to require careful and detailed consideration by those concerned. We put it forward only as a suggestion for consideration. However, in the event of the collapse or further deterioration of the fortunes of CTV, there should be provision for dealing with the resulting situation. The necessary private television network must not be allowed to fall under the exclusive control of the private stations, and steps must be taken to ensure adequate program performance by them, both individually and collectively. The proposal sketched out above might be one way to provide a private network service and to promote cooperation in programming between the private stations. There may be other and better ways but, in view of the present difficulties of the CTV network, the Broadcasting Authority should have adequate power and authority to deal with any situation that may arise, and to act in the public interest. For this purpose, the Authority should be empowered to require the affiliated stations to carry the network service, and even, in the last resort, to act itself as Trustee of the private network.



## PART V

### THE FUTURE



# 14

## THE FUTURE OF TELEVISION

*Television's present is already past; it has only a future.*

Charles A. Siepmann

### THE GENERAL PROSPECT

When broadcasters speculate and dream about the future of television, they tend to concentrate on the great changes that will result from technological development. They think about the effects of introducing colour television, and are concerned with the technical difficulties and challenges that colour techniques will present. They suspect that the rapid pace of research in space-communications will produce a revolution in methods of television production and transmission. All this fascination with new technology may obscure the essential attention that must be given to television programming in the future. A program of lack-lustre quality will still be a pallid offering even if all the colours of the rainbow are added to it. A bad program remains a bad program even if the signals have travelled half way to the moon and back.

The future of Canadian television does not greatly depend on how the signals are produced and transmitted; it is what the signals carry that really matters. For this reason we have insisted throughout this report that first attention must be given to the development of better programming than we now have, for television programming will determine, in large measure, the future quality and unity of the Canadian community as a whole.

This imposes great responsibilities and offers enormous and exciting opportunities. During our inquiry we were led to wonder whether public or private broadcasters fully appreciate either their responsibilities or their opportunities.

The role of the CBC in Canadian broadcasting, and television in particular, is central and of great importance. The Corporation has achieved a high level of technical excellence, and has done a remarkable job in bringing its television services to their present state of maturity and competence in the short span of thirteen years. Great attention is properly paid to technological developments, and we have no doubt that the CBC will continue to take new techniques in its stride.

The CBC is actively interested in promoting the physical expansion of the public broadcasting system. Commendable and detailed plans have been developed for extending television coverage to areas not now served, and to Canadians who do not yet enjoy service in their language of everyday use, but we cannot endorse the proposals to extend direct coverage by CBC stations to parts of Canada already adequately served. Moreover, the CBC is necessarily concerned with the need to improve its program production facilities, particularly in the two main production centres of Toronto and Montreal. We have made recommendations on all these matters in the relevant chapters of this report.

In programming, CBC policy is less clear, and its emphasis less firm, and there is not the same active concern as there is for engineering and physical development. For instance, we were anxious to discover whether the CBC had developed detailed plans for future programming; allowing for financial stringency and problems of physical development, did the CBC know where it wanted to go in programming? We found that no blueprint of this kind existed at the time we were appointed.

We have described\* our part in the origination of the CBC study that produced the document now known as 'Programming in the Public Interest—CBC Television' which provides, for the first time, a guide for the future of CBC television programming. This is all to the good, but since we have not discussed it in any detail or attempted an appraisal in depth of the validity of its concepts, one should not assume that we endorse it in every particular. The study was prepared hurriedly in response to our suggestion; we doubt whether it was fully exposed to critical comment and suggestions from producers and other creative talent within the CBC, for it was probably produced by officials at headquarters. As such, it is a valuable first step but it should not be

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\* p. 219.

regarded as a final product. What we do endorse is the effort to look ahead, and we urge that such efforts should be continued and developed more fully throughout the CBC organization.

Whatever may be said about the tardiness of forward thinking about television programming in the CBC, the situation in the private sector is much worse. The CBC has at least done something; the private stations have done little or nothing, and have evidently not yet recognized their share of responsibility for achieving the national purposes of Canadian broadcasting. Some of them vaguely think they should be doing something about it, without knowing what or how it might be done. The obvious need to develop some cooperative programming efforts among the private television stations has been frustrated by a sterile dispute between CTV and ITO.

We can only declare that this performance is not good enough. The private stations have responsibilities as holders of valuable rights from the State. They cannot merely go on providing a useful service to their local communities, and letting the cash registers tick on. Now that their early financial difficulties seem to be largely behind them, as the report of our financial consultants suggests, the private television stations must assume some responsibility for the national purposes of Canadian television; they must be concerned about the development of better programming on their stations in the public interest.

Television in Canada will not achieve its full potential if the task is left to the CBC alone. It must be shared by the private broadcasters as part of a coordinated Canadian broadcasting system. The duty of coordination rests, under our proposals, with the Broadcasting Authority, but it will not be fully successful unless the private broadcasters become willing partners in a common cause.

### COLOUR TELEVISION

"Wolf! Wolf!" he cried. "Colour television is here," they said. Colour television has been arriving, in this sense, for well over ten years. Now that it really is here, Canadians seem almost as surprised as the villagers were, in the old fable, when a real wolf arrived and ate up the poor little boy who had been kidding them along so often.

In June 1965, pressures arising from the planned installation of colour-television facilities at Expo '67 led the Government to call for an interim recommendation from this committee at short notice. Our advice was that the early introduction of colour television is inevitable because

of the rapid recent progress in the United States, but that the additional cost would be a heavy burden on the Canadian broadcasting system, for both public and private sectors, and that it would therefore be wise to proceed with caution. We also expressed the view that, in our opinion, a higher priority should be given to improvements in programming, the extension of broadcast coverage to those Canadians, French or English, for whom no service is yet provided in their mother-tongue, and the modernization and rationalization of CBC plant and facilities.

The outcome was that, on June 15th, 1965, the Secretary of State announced in the House of Commons the decision of the Government to permit the introduction of colour-television transmissions, not earlier than January 1st, 1967, under standards to be prescribed. He also said that, subject to the provision of the necessary funds by Parliament, the Government would authorize the CBC to proceed with the necessary contractual arrangements for the installation of colour-television equipment at Expo '67, and with the preparation of alterations to the transmitters and network facilities, both English and French. It therefore only remains for us to give a brief account of the factors taken into account in making our interim recommendation to the Government, together with our observations on the future development of this new broadcasting venture.

### *Colour Television in the United States*

In 1953 the Federal Communications Commission announced the adoption, as a national standard for colour television, of the NTSC system pioneered by the Radio Corporation of America, the parent company of the National Broadcasting Company. Many problems had to be solved in transforming this system from the controlled conditions of the electronics laboratory into the reasonably reliable facility that it has now become. They included the development of a new type of television camera, better studio and control equipment, and reliable receivers at acceptable retail prices.

One can now safely identify colour television as a viable medium of mass communication. Sales of colour receivers and equipment have exceeded the \$1 billion gross level in the United States, where the three major networks are all in colour to some extent. NBC is talking of the imminent conversion of more than 90% of its schedule to colour, and the other networks have plans to place colour programs into the bulk of their evening schedules this year.

### *Plans Elsewhere*

Added to the evidence from the United States is the clear indication from other countries that colour television is well under way. Japan is already producing television in colour and has a large modern electronics industry exporting colour-television equipment. The countries of the European Broadcasting Union are far from agreement on any common standard but are proceeding with their respective developments. Some European countries, including Russia, have selected the French SECAM system, while others are selecting variants of the United States system. All seem determined to introduce colour within the next two years.

### *The Problem for Canada*

As so often with new developments in the past, the rate at which Canada now moves to introduce colour television must be determined largely by the need to preserve the viability of the national system, both public and private. It is important to forestall a repetition of the events of the early 1950's when American television signals invaded the Canadian border markets and found no Canadian competition. Already there is evidence that at least some of the more than 2½ million Canadian homes within range of US stations are turning increasingly to colour, and there are a few instances of Canadian advertisers using American stations to reach Canadian markets through the new medium. The Canadian electronics industry is also restive in the face of evidence that Canadians are buying expensive American sets in large numbers, when it is clearly possible to produce and sell at a competitive price, subject to compatibility between Canadian and American standards, equally large numbers of models with a high Canadian content.

The time for decision seems therefore to be at hand, and the problem that we face should be examined coldly with due regard for the higher costs which this new toy of the electronics age will produce.

### *Alternative Developments.*

There is a choice of courses open for decision. One is to introduce colour only at those points where the pressure caused by the United States signals is a present threat to Canadian broadcasters and Canadian advertisers. The alternative is to convert both the public and private network television systems so that they can receive American network programs, utilize imported colour programs either on video-

tape or film, and gradually build up Canadian colour-television production to a network scale.

Although the former course would perhaps cost rather less in the immediate future, it is unattractive for a variety of reasons. It would give an added benefit to Canadians who are already well served by both Canadian and American television. Such a narrow concentration or 'hiving-off' of the problem would further encourage advertisers to become highly selective in placing business, and would thus detract from the national approach to advertising which is of vital importance to the broadcasters. As far as broadcasting policy is concerned, it would detract from a national view of the situation and no doubt further encourage an already excessive reliance on imported program material.

It therefore appeared to us that a decision should be taken as soon as possible to permit the national network facilities to make the adaptations necessary for the acceptance and transmission of colour-television signals, but to look very carefully indeed at the overall cost before extending colour capacity beyond this point. It will be necessary to create some colour-production facilities for Canadian programming in both the public and private sectors, but the costs of this conversion will be so high in the next several years that few except the largest of the CTV stations will be capable of program origination, and we are informed that none of the CBC affiliated stations is likely to seek this status in the immediately foreseeable future. The CBC stations outside the main production centres in Toronto and Montreal should depend primarily, at least for the next few years, on network material. However there may be some need for adequate provision on a regional basis of colour-equipped mobile facilities to provide some capacity for actuality broadcasts.

In addition to the cost problem of the broadcasters as such, it will be necessary to adapt the microwave transmission systems operated by the Bell Telephone Co. of Canada and the joint Canadian National-Canadian Pacific telecommunications facilities. To proceed with these improvements, there must be an assurance to those corporations that there is a national or trans-Canada requirement for this service. The time required to make these adaptations is variously estimated at from one year to eighteen months.

#### *The Cost of Colour Broadcasting in Canada.*

From information supplied to us by the CBC, CBC affiliates, CTV, and the microwave transmission companies the following facts emerge.

The CBC estimate that it would cost over \$37 million to carry out a full colour conversion program, including conversion of network facilities and transmitters; minimal installation of equipment for local origination of colour film and colour videotape; provision of two mobile colour-units; and live studio facilities at Toronto, Montreal, and seven other centres. These capital projects would increase operating costs in the years 1967-70 by a further \$15.2 million.

To achieve full network distribution of CBC colour output, it will be necessary to convert the facilities of the 44 stations affiliated to the English and French networks. The network connection and minimal local colour-teleciné equipment to handle colour commercials will cost about \$100,000 a station, or a total of \$4.4 million. To go beyond this point and allow for some live local programming in colour would require an additional \$250,000 to \$300,000 per station. Probably none of the affiliates would plan to do this immediately, but most of them have indicated their willingness to receive colour network-transmission and make the necessary investment for this purpose.

Since the other private television stations face the same problems as the CBC affiliates in relation to colour television their costs should be identical. There are 15 of them, so that this adds another \$1.5 million to the grand total. This minimum makes no provision for colour origination by the stations of the CTV television network. We are advised that conversion to colour would cost the network more than \$1 million in capital outlay.

The telecommunication companies would make the necessary modifications and plan to recoup their additional costs through revisions in rates charged to the broadcasters. We are advised that, based on existing rates for black-and-white transmission charges, and with the assurance of national coverage, the total additional cost to the Canadian system, public and private, would be around \$500,000 a year.

Taking all of the foregoing into account, it would appear that the additional capital investment for the total Canadian broadcasting system, public and private, could be as much as \$60 million, and the additional operating costs almost \$5 million a year.

#### *The Views of the Advertisers.*

In our discussion with the Association of Canadian Advertisers there was little enthusiasm for anything that would increase broadcast operating costs. Canadian advertisers, like their American brethren, still remain somewhat skeptical and aloof because the ability to test colour

advertisements at the higher costs entailed has not yet been provided in Canada. Yet they have advised us that the mounting American tide is a source of concern to them, and they will be very worried by further invasion of markets within reach of American stations.

The private system must, of course, hope to recover its additional costs through advertising revenue, and the CBC should also expect to recoup part of its increased costs by commercial activities. It seems clear, however, that full recovery of additional costs will be impossible in the short run, so that the decision to go to colour is a decision to add further cost burdens to the broadcasting budget. We have therefore given careful consideration to the plans and projected expenditure of the CBC for colour television.

### *Conclusions and Recommendations*

The best course would seem to be to complete the equipping of the CBC network system to handle colour signals, to adapt one television studio in Toronto and one in Montreal, to proceed with the plans for colour facilities at Expo '67, and to acquire a reasonable minimum of mobile equipment. The second stage, which involves equipping seven other centres to produce in colour and the equipping of other studios in Toronto and Montreal, should not be undertaken during the next five years, and should be postponed until requirements can be more precisely determined.

On this basis, the CBC capital requirement for colour television can be held to something around \$15,000,000 in the next five years, and there would also be some reduction in the additional operating cost figures. This is the assumption we have used in our forecast of total CBC financial requirements for the next five years. We would expect the CTV network to follow a somewhat similar course if that system is to be placed in a fair competitive position with the CBC.

*We recommend:* That CBC plans for the introduction of colour television should be limited in the period to March 31st, 1970, to the necessary network adaptation, the provision of one adapted studio in Montreal and one in Toronto, the installation of facilities at Expo '67, and the acquisition of a reasonable amount of mobile equipment.

Our terms of reference specifically excluded community-antenna television services (CATV), but we inevitably found ourselves drawn into consideration of this complex subject because of its actual and potential effects on television generally.

Several briefs expressed concern and made specific recommendations with regard to the effect of the unregulated growth of commercial broadcast receiving stations. To be fair, we must point out that we made no attempt to seek the views of those who might be expected to speak up strongly in favour of CATV. Thus the virtually unanimous representations we received on the need for regulation expressed the views only of those who are deeply concerned about the possible adverse effect of CATV on licensed broadcasters. However, the concern expressed was not that of vested interests seeking to preserve their position, but rather that the additional program choices made available to the public by CATV will obviously contain a great deal of material imported from the United States, thus making it still more difficult than it is now to ensure that the Canadian broadcasting system generally is basically Canadian in content and character.

### *The Nature of CATV*

Community-antenna television is a master receiving-system, which receives signals and redistributes them by wire or cable to subscribers. The receiving antenna is usually located on a high elevation, with associated amplifying equipment, and the programs are transmitted directly to subscribers' receivers. Some systems also use equipment to relay signals from a receiving channel to a transmitting channel. The signals from distant stations are generally transmitted by microwave to a point where there is satisfactory reception, and are then relayed to the place of distribution. In at least two instances, the receiving antenna or distribution point is in the United States, and the signals are brought to Canadian receivers over landlines. It is evident that the control problem is complex, to say the least.

Technical improvements in both the receiving antennae and the cables have greatly extended the range of the systems, and this in turn has contributed to their rapid expansion. CATV systems can be and occasionally are adapted to transmit original material; thus, in effect, they become closed-circuit systems not dependent on reception and

transmission, and in this respect resemble the so-called Pay-TV, or metered television systems, with which they should not be confused. There has been little experience of Pay-TV in Canada, and we have not made any examination of the factors involved.

### *The Extent of CATV Coverage in Canada*

From information available in the records of the Department of Transport, the following list of CATV systems by provinces, as at March 31st 1965, has been extracted:

<i>Province</i>	<i>Number of Systems</i>
British Columbia .....	55
Alberta .....	12
Saskatchewan .....	4
Manitoba .....	5
Ontario .....	81
Quebec .....	187
New Brunswick .....	9
Nova Scotia .....	nil
Prince Edward Island .....	nil
Newfoundland .....	nil
Total .....	353

There are few reliable data on the number of subscribers to CATV systems in Canada. Even less information seems to be available about the capital or operating position of CATV investors, but the general view is that the systems are quite profitable and multiplying rapidly.

Television Digest, May 3rd, 1965 gives the following information about CATV systems in the United States and Canada; the information relates to February 1965, and the total number of Canadian systems is slightly under the more recent DOT figure.

		<i>United States</i>	<i>Canada</i>
1. Operating systems	(1965)	1,327	347
	(1964)	1,308	247
2. Applicants for franchises		815	not available
3. Homes served	(1965)	1,277,338	272,910
	(1964)	1,084,768	215,079
4. Average homes per system	(1965)	1,232	1,300
	(1964)	1,166	1,097
5. No. of homes per system			
More than 5,000	(1965)	44	12
	(1964)	34	7
1,000 to 5,000	(1965)	335	45
	(1964)	284	36

	<i>United States</i>	<i>Canada</i>
6. Largest System		
Williamsport, Pennsylvania	19,000	
Vancouver, BC		30,200
Montreal, Que.		30,000

These statistics are revealing in a number of important respects. The growth rate of CATV in Canada is evidently greater than in the United States; the size of each system tends to be as great; and the total coverage, relative to population, is much greater in Canada than in the United States. It tends to support strongly the view that the effect of CATV on the Canadian broadcasting system is actually and potentially much greater than it seems to be, so far at least, in the United States.

### *The Public Interest*

Two basic areas of public interest are in conflict as a result of this new development. The consuming public has clearly demonstrated a sharp demand for this new expansion of television program choice. Incidentally, although television is primarily affected, the systems are capable of high-quality radio reception and distribution, including FM signals in a few instances.

As we have said, more than 50% of Canadian television-homes are already within direct range of television stations in the United States. This new technique will obviously increase the percentage by extending the range of the signals. There are strong proponents of the view that this is no more than a straight commercial arrangement between a supplier and a consumer. The Association of CATV operators, whose main spokesmen are the larger investors in these systems, have said as much in briefs to the Government. So long as this is a common-carrier service bringing in a signal to an area either not now in receipt of television, or expanding an already multiple range of choice, the argument for freedom from control is a strong one.

There are, however, many single-channel areas where regulatory policy to nourish or support the licensee has been negated by the sudden intrusion of a number of new signals which dilute the audience and damage commercial support. Several of these instances were brought to our attention by private television stations affiliated with the CBC, and it is a matter of concern to us that the viability of the national network system could be disrupted if unrestrained or unregulated growth of CATV systems is allowed to continue. A careful

study of this problem should be made, recognizing the conflict of interests that is at work.

Most of those who have examined the problem distinguish the CATV operator who provides a service, for which there is a demand, into an area inadequately served by local television or without any service at all; in such situations it is contended that strict regulation would be an unnecessary interference. On the other hand, there is growing recognition of the need to examine the effect of CATV on stations in thin market areas, whose ability to conform to the Canadian content regulations is being jeopardized by this new competition. A clear distinction can also be made between the passive reception and dissemination of broadcast signals and any form of signal origination; the latter is akin to broadcasting and needs to be so regarded and regulated.

Safeguards are required against the linking up of the several systems into some partial or complete form of CATV network, which would pose yet another threat to the national broadcasting system. The performance of CATV operators should be examined to see that they do indeed act as common carriers, and do not use their service to restrict the subscribers' range of choice. Most of the new systems can handle quite a number of channels. They could conceivably black out the channels of the local broadcaster insofar as their own subscribers are concerned and, by so doing, exercise undue influence in the competitive situation. The rules recently established by the Federal Communications Commission in the United States emphasize the necessity that CATV operators must truly function as common carriers. The United States rules would go so far as to prescribe clearly the priorities of signals carried, and allow for exclusions only under very limited circumstances that would demonstrably harm the CATV operator.

Without a much deeper study of this whole question, it is not possible to do more than stress the need for prompt action and the exercise of wise judgment in laying down rules to regulate the orderly growth of this new television technique, while preserving intact the objectives of Canadian broadcasting policy.

The British Columbia Court of Appeal recently ruled, in an action brought by the Public Utilities Commission of that province, that the broadcast receiving stations known as Community Antenna systems were a part of broadcasting and could only be regulated by the competent authority, which is the Parliament of Canada. We would therefore urge that the whole question of CATV systems should be

studied in the light of our recommendations on the national broadcasting system, so that consistent policy and effective controlling legislation can be formulated at that time.

### SPACE COMMUNICATIONS

A recent UNESCO report\* draws attention to the remarkable development of the mass communications media throughout the world during the past decade. While world population increased by 26%, radio receivers advanced by 60%, the number of movie theatres doubled, and television sets tripled. Only the press expanded at a lower rate than world population, but daily newspaper circulation rose by 20%.

The supply of information media is very unevenly shared around the globe. As a reference point, UNESCO set 10 copies of daily newspapers and 5 radio receivers per 100 of population as a minimum standard. Some 70% of the world's population, living in over 100 countries of Africa, Asia, and Latin America, lack even this minimum level of exposure. In Britain, which has the world's highest level, 51 copies of daily newspapers are sold for every 100 people. In Africa and India, there is not even one copy of a daily newspaper for every 100 people. By any standard Canada is one of the best supplied countries. For every 100 Canadians there are approximately 50 radio sets, 25 television sets and 23 copies of the daily newspaper.

As the second largest country in the world in land area and one of the most thinly populated, Canada cannot rest on past achievements in transportation and communications. We have studied with fascinated interest a report on space communications by the Engineering Division of the CBC, which was first issued in December 1961 and re-issued in February 1965. While the engineering aspects of space communications are frankly beyond our understanding, we found exhilaration in this excursion into the new age of space communications. It was a source of satisfaction to learn that CBC engineers are in the vanguard of those probing new forms of communication and making plans for their future use.

#### *Communications Tomorrow*

The first space communication for mass consumption was made by the Atlas satellite in December 1958. It has been followed by more

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\* 'World Communications', 4th ed. revised, 1964.

sophisticated experiments, many of which are for strictly scientific purposes rather than for the public. Progress has been in the direction of increasing the life of the satellite, improving its power sources, and extending the band-width of the signal transmitted. Telephone, FM radio, AM radio, television, colour television—each type of communication in this series requires a wider channel for its journey through space.

A communications satellite is like a very high antenna tower. Ordinarily, transmitting towers are placed on high points of land, such as Mount Royal, and the antenna is as tall as possible, often as much as 1,000 feet. The higher the transmitter above the earth's surface, the further the signal travels and the more readily physical obstacles and man-made interference can be overcome.

The *Early Bird*, which is what is known as a synchronous satellite, orbits at a height of 22,300 miles. At this critical height, the satellite spins through space at a speed synchronized with that of the earth's rotation, so that it remains practically in one spot relative to the surface of the earth. At a height of 22,300 miles, signals from the satellite fan out over a cone 10,000 miles in diameter, and one critically placed could transmit signals to every part of Canada from St John's, Nfld., to the Queen Charlotte Islands, and from the United States border to the most northerly Arctic settlement.

In July 1962, *Telstar I* was launched. It was a broad-band active repeater satellite developed by the American Telephone and Telegraph Company, and launched by the National Aeronautics and Space Administration (NASA). It functioned for several months and was used to exchange television programs between the United States and Europe. Its failure was attributed to radiation and, after some remarkable scientific detective work, the trouble was corrected by signals from earth so that *Telstar I* had several more months of useful life in 1963.

The first successful synchronous satellite was built for NASA by Hughes Aircraft; it was launched in July 1963 and is still in operation. *Syncom III*, launched on August 19th, 1964, and orbiting 22,300 miles above the Pacific Ocean, effected the successful transmission of the Olympic games from Japan. It took extremely skillful modification of the television signals by the Japanese NHK broadcasting organization to make the transmissions possible, and even then the audio signal had to be transmitted separately across the Pacific by cable and reunited with the visual signal at Point Mugu Ground Station in California. Video-tapes were then transported by car and plane from Los Angeles to

Canada and Europe. The Olympic programs were relayed through the facilities of the European Broadcasting Union in Brussels to Eurovision, the Western European broadcasting system, and to Intervision, its counterpart serving Russia and the eastern countries of Europe. Nearly 32 hours of Olympic programs were transmitted. Picture results were considered excellent when the broadcasts were shown in Canada on the CBC network.

In May 1962, the Congress of the United States passed a Bill providing for the establishment of the Communications Satellite Corporation, which has come to be known as COMSAT. The company is owned jointly by private investors and the communications enterprises known as public carriers. There was much raging controversy about the nature and ownership of the new corporation. COMSAT raised funds to the amount of \$200 million by the sale of 10 million shares to the investing public at \$20 a share in June 1964. The board of directors of COMSAT comprises six directors elected by the shareholders, six elected by the common carriers, and three appointed by the President of the United States subject to Senate approval.

For its operations COMSAT leased the ground station of the American Telephone and Telegraph Company at Andover, Maine. Orders were placed for one medium-altitude system to consist of 18 satellites in random orbits at 6,000 miles altitude with a guaranteed life of 5 years; for a second medium-altitude system with 12 satellites in controlled orbits designed to maintain the same position relative to each other; and for an improved synchronous satellite at an altitude of 22,300 miles. It is this Syncom satellite that has come to be known as *Early Bird*.

Action is already under way to make COMSAT an international body, not just a United States corporation. A conference held in July 1964 was attended by representatives of seventeen nations, and it was proposed that a global communications-satellite system be established under COMSAT management. COMSAT would retain 61% ownership of the space facilities, and the shares held by the United States would never be allowed to fall below 51%.

At the close of this conference a provisional agreement (to be replaced by a permanent one not later than 1970) was signed, providing for creation of a world-wide system of commercial telecommunications by satellite. The system is to be managed by COMSAT in compliance with the directives of an International Committee of twelve members. The ground stations will remain the property of the several national organizations. The satellites and the control installations will be the common

property of the signatories, in proportion to their financial contributions which were in the following ratio:

United States	61.0%	Canada	3.75%
United Kingdom	8.4%	Australia	2.75%
France	6.1%	Italy	2.2 %
West Germany	6.1%		

By the fall of 1964 there were ground stations capable of receiving signals from the satellites at Andover, Maine; Goonhilly Downs, England; Pleumeur-Bodeu, France; Kashima, Japan; and Raisting, West Germany. Two Canadian ground stations are planned, both located at Mill Hill, NS; one is to be operated by the Department of Transport, and the other is being built, for commercial purposes, by Canadian Overseas Telecommunications Limited, a Crown corporation for which the Minister of Transport is responsible. The cost to Canada of its share in the global communications satellite system is estimated at more than \$7.5 million.

Russia did not participate in the 1964 international conference on communications satellites, which was convened by the United States. Russian accomplishments in space suggest that it is probably only a matter of time before a rival to COMSAT in global space-communications will make its appearance to serve the needs and interests of the Soviet bloc.

### *The Limiting Factors*

Space communications are subject to certain obstacles and limitations, and while it is legitimate to let the imagination soar with the satellites, practical developments must be in accord with earthbound realities.

First of all, space communications are enormously expensive. Without space programs for other purposes, there would be no space communications. Space programs cost millions and billions of dollars; they can hire the best brains and purchase the best of equipment, and they are constantly stimulated by the rivalry between East and West. The keen interest of the people of all nations in the exciting race into space is also a spur. But there is no question of economic return in any foreseeable future for the staggering investments that are being made in space exploration.

Space communications must very speedily pay their way commercially. The investors who eagerly bought stock in COMSAT no doubt had visions, but they were at least in part visions of capital appreciation

and dividends. Broadcasting organizations are already complaining that the first charges made by certain national ground receiver-stations, following the initial experimental period, are too high. The commercial telephone, telegraph, cable, and broadcasting companies are participating to some extent in the space communications programs, but it is to be expected that they will resist this competition as far as may be possible with existing facilities.

Second, there are the time zones. Even within Canada it is not possible to transmit certain programs live to a simultaneous national audience because of the time difference; they must be recorded or videotaped and transmitted at more convenient times. Globally this becomes an important factor. With jet planes crossing the oceans in 4 or 5 hours, it is often more practical and economical to send a videotape by plane than to pay the costs of transmission by satellite and then videotape the material for use at a later time.

Third, instantaneous global communications will do something, but not much at first, to surmount language barriers. Nonetheless, there are many important activities and forms of human expression that depend little, if at all, on the spoken word, such as music, dance, and sporting events. For drama and discussions, bridging devices such as simultaneous translations or added subtitles will continue to be necessary.

There are also legal problems to be solved, both within and between nations. Canadians are familiar with the constitutional problem that complicates the use of broadcasting on a national basis for educational purposes. There is also the difficult matter of performing rights. The growth of audiences to a global scale raises the question of proper remuneration for the creative people who provide the program material. This problem appeared as early as 1962, when a proposed telecast of material from the Stratford Festival was deferred because of confusion over property rights.

Global broadcasts also face competition from other media. Particularly after the novelty of live world wide transmissions wears off, program material will have to stand on its merits and win an audience for itself in competition with local rock-and-roll, classical music, hot-line programs, and television game-shows, as well as the newspapers, magazines, and movie theatres.

This partial list of obstacles and limitations, brief as it is, cannot be completed without some reference to politics. While powerful nations control the ground receiving-stations, control over global communications will inevitably be a subject of international political concern. When

the day of direct transmission from the global satellite to the home-receiver arrives, this may simply lead to new methods of control rather than global freedom of communication. But, to quote the old adage, difficulties are there to be overcome, and there can be no doubt that exciting developments are in the offing.

### *The Prospect*

At present it seems likely that the synchronous satellite will supersede other types. It has many advantages. Communication does not have to wait for a suitable orbit and transit time. The satellite never 'sets' below the horizon for the areas within its 10,000-mile-wide cone of coverage. Since it sits still, or nearly so, tracking it poses few of the problems encountered in following a Telstar or Relay satellite streaking across the sky at a much lower height than Syncor's 22,300 miles. Three synchronous satellites would be enough to provide complete global communications.

As space technology advances, the ability to boost heavier loads into space will make it feasible to launch a space platform. Compact nuclear power sources of new design will be placed on the space platform to supplement the solar cells which convert energy from the sun's rays into power for the receiving and transmitting equipment. Much stronger signals will be possible from the space platform, which could be equipped to handle several television channels as well as telephone, teletype, and facsimile transmissions. It is the combination of these various services that will bring the whole system within the bounds of economic viability.

With more human experience in space, it will be possible for a technician to travel 44,600 miles by rocket to and from the space platform for maintenance and repair purposes as often as may be necessary. For the most part the operation will be automatic, and repair trips will be made only to deal with emergencies, or at most once or twice a year for maintenance purposes. It is expected that space platforms will be in operation by 1970.

### *Canada and the Future*

A Canadian communications platform in space could be a reality by 1975 or 1980. Let us try to visualize how this development might affect the Canadian broadcasting system.

To achieve the present level of television coverage, the CBC makes use of a 4,000-mile microwave network and a chain of powerful television transmitters and rebroadcasting stations. The rental for the television network links alone is in the order of \$5 million a year. In addition to its own radio stations and its radio affiliates, linked by land line, the CBC operates some 120 low power automatic relay stations to provide coverage for the sparsely settled remote areas.

With a Canadian satellite in operation, hovering at 22,300 miles above the equator at the approximate longitude of Dryden, Ontario, the CBC will be able to achieve complete 100% coverage of Canada in English and French, for television and for AM and FM radio. By adjustment of the transmitting antennae on the satellite, it will be possible to direct a program to every part of Canada, or, with lesser power, to a particular region of the country. The present microwave network and videotape relay centres in Winnipeg and Calgary, and also the low-power radio transmitters, would be unnecessary.

The satellite will be computerized, and will provide a number of receiving and transmitting channels for television and radio. In addition to handling broadcast transmissions from the ground and back to earth, the satellite will provide facilities for all internal CBC communications dealing with program matters, thus eliminating many of the present long distance telephone and teletype charges.

Technology will by then have advanced to the point where the satellite transmissions can be picked up directly on the home-receiver that is in use today, but the 'rabbit's ears' will have to be replaced by a high-quality outdoor antenna. We cannot imagine, however, that satellite broadcasting will eliminate the need for and the interest in broadcasting by local stations. Probably both will proceed simultaneously, and the national and regional programs from the satellite will have to compete for audience with local stations and local personalities.

Production studios will continue much as they are today, but network master control will be unnecessary, since this will be done by a computer in the satellite under instructions from the national traffic office. It is possible that programs will be beamed to the satellite by means of a modulated ruby laser. This very recent innovation has already proved capable of communication over distances of more than 50 million miles. It is said to be capable of carrying 100 million television transmissions simultaneously.

For a program of national interest, such as the national news, the material would go from the news production studio by microwave or

laser to the satellite. Instructions to the satellite computer will activate the satellite switching-device to provide complete Canadian coverage from coast to coast.

For a program such as 'Festival', the time-zone problem can be readily overcome. The program can be transmitted to the satellite in advance, recorded on the satellite's videotape recorders, and played back first to Halifax and then to each time zone across the country. When the cycle of transmissions is completed, the play-back mechanism will clear and rewind itself in readiness for the next program.

The communications satellite would open up new possibilities in the international exchange of television programs. One synchronous satellite can cover rather more than a third of the earth's circumference—about 10,000 miles. With a station located over the equator in a central position relative to Canada, another over Europe, and a third over the Pacific, complete global exchange of television programs will be possible. The problems of microwave transmission, radio links, landlines and undersea cables, and shipments of videotape and film by jet aircraft will be largely eliminated.

A fully automated satellite will cost a great deal of money, and the expense could hardly be afforded for broadcasting alone. But there is no question of using it for broadcasting alone, for it could also serve all the administrative, commercial, military, and scientific needs of Canada for communications, and the launching and operating costs could be apportioned to each of the beneficiaries. Thus the apparently fantastic cost might perhaps not look unreasonable alongside the enormous total Canadian investment in communications, not just for broadcasting but also for telephone, telegraph, and teletype services; aids to navigation and control in the air and at sea; meteorological services; defensive radar screens and other military uses; astronomy, including provision of an astronomical telescope far better than any available today; and a host of other scientific purposes.

### *Conclusions*

All these things are no longer in the realm of fantasy. Many of them are happening already, and others are swiftly nearing realization. While writing this report, we were informed by a commercial company that it is ready to construct, launch, and sell—to anybody—a privately owned synchronous satellite for around \$10 million, including the cost of

ground installations and launching. In the circumstances, we are comforted by the knowledge that the problems of controlling space communications are an active concern of the International Telecommunications Union (ITU), to which all the principal countries in the world belong, including Russia. The Union's international technical committees on radio (CCIR) are studying all the problems involved, particularly with regard to the probable technical feasibility of home-receiver pick-ups, and whether or on what conditions frequencies assigned to satellite communications might be shared between satellite and terrestrial services. An Extraordinary Administrative Radio Conference, held in Geneva in 1963, which was called to allocate frequencies for space broadcasting, resolved that no international agreement could be devised pending completion of the CCIR studies, which should be expedited.

The science of communications is moving ahead at breathless pace, and for each new step forward the time-lag between hypothesis, proof, demonstration, development, and performance is progressively shorter. 'Syncom'—'Telstar'—'COMSAT'—'microminiaturization'—'laser'. Like the satellites, we are already launched into an entirely new world of communications, with its own unique language and amazing accomplishments.

For broadcasting policy, the bearings are obvious. In developing the Canadian national broadcasting system, great care must be taken not to hinder tomorrow's advance by vast investments in facilities and equipment that belong to yesterday's technology. There must be elbow-room to take advantage of each scientific discovery as it becomes available for practical purposes. New and better ways of producing and transmitting broadcast programs must not be balked by costly but outdated buildings that will remain only as durable monuments to lack of foresight. We have all seen such monuments in our travels, some of them not far from home.

Finally, in planning for the future, the CBC must not be suffered to go it alone. Equally, the interests of the Canadian broadcasting system must not be forgotten or neglected at the international conference table. There must therefore be a close and continuous exchange of information, plans, and ideas between the Department of Transport, which administers national communications policy, and the proposed Canadian Broadcasting Authority.



# 15

## THE FUTURE OF RADIO

*Je suis le ténébreux—le veuf—l'inconsolé,  
Le prince d'Aquitaine à la tour abolie.*

Gérard de Nerval (*El Desdichado*)

In earlier chapters, we have said much about radio—its importance, its past neglect, and its unrealized potential. After surviving the psychological and economic impact of television, radio as a medium of mass-communication now needs careful reassessment. We are convinced that a more intelligent and imaginative use of radio and its special advantages can greatly increase its effectiveness, and hence its importance.

Radio could say as Mark Twain said, "the reports of my death are greatly exaggerated." Early predictions that television would cause the decline, and even the disappearance, of radio have not been borne out. Since 1950, before television services began, the number of radio receiving sets in Canada has more than doubled to an estimated total of 10,400,000, of which 7,800,000 are home receivers and the rest are in cars, without counting many thousands of portable transistor sets. This total is more than twice the number of television sets in Canada. The number of radio stations has also increased since the advent of television, moving from 146 in 1950 to 321 in 1965. There are few Canadians who are not within reach of radio signals at some time each day or without the physical means to receive them. Radio audiences, even in the less popular evening hours, are substantial.

Radio has many advantages over television. It is in every way more economical, for the listener in the cost of his receiving set and its maintenance, and for the broadcaster in the cost of program production. Partly because of its lower costs but also because of the nature of the medium, radio is more flexible, can react faster, is more immediate. It can afford to do things that television cannot do, and can justify specialized services to minority audiences of a size that television cannot serve.

Of course the advantages are not all one way. There are some things, where a combination of sight and sound is desirable or essential, for which television is better suited; for example, it is difficult to present ballet on radio. However, for many types of program common to the two media, a well presented radio program involves the listener more completely than television. The need for greater participation by the listener, the fact that he must provide the visual component of a play, a story, or an opera, evokes a greater exercise of the imagination. For some types of program the absence of the picture is an advantage, and avoids distraction of the listener's attention. In short, radio is a higher and more difficult art form.

These briefly noted differences between the two media are the reason for our insistence throughout this report that radio deserves separate and distinct attention—an attention that it has not generally received in the past. Too often—particularly in the CBC—radio has been the neglected child, the 'Prince of Aquitaine in the abandoned tower'. It may be that the relatively better adaptation of private radio to the advent of television is due to the fact that private television broadcasters are not generally holders of radio licences; the independent private radio stations have not been so greatly influenced and contaminated by television operations. In the CBC, the emphasis on television has led to the neglect of radio by senior administrators and producers alike. This is a waste of both public assets and individual opportunities.

Having said that radio is a different medium and therefore deserves separate attention and different treatment, we must hasten to add that it should be coordinated with television to provide an integrated and vital broadcasting system. This has not been done either by the CBC or by the Board of Broadcast Governors. For both, the need of separate and special treatment has been only dimly perceived; when radio was recognized as a distinct problem, it was neglected. Both media must be used jointly, with different techniques appropriate to each but both

directed toward a common goal—the provision of excellent broadcasting services to the Canadian people.

This is why it is good to have both radio and television services provided by the CBC, so long as it learns how to use them together. It is also the reason why the public agency of control should be responsible for both media. But neither the CBC nor the control agency must neglect radio, as in the past, because of the pressing and more glamorous problems of television.

To achieve an adequate and coordinated performance by private radio, control and direction by the Broadcasting Authority is inescapable, for the simple reason that there is no other way to do it. With 321 radio stations scattered across the country, of which 280 are in private hands, there is no way to define their responsibilities and ensure their adequate performance unless the public control authority does it. In the chapter on programming we noted the triviality and generally unsatisfactory quality of the program fare provided, with a few notable exceptions, by private radio stations. In most cases they have given good local service, but they have been almost totally deficient in accepting responsibility for any share in providing an interchange of opinion and culture between the different regions of Canada. We insist that private broadcasters cannot conveniently leave the whole task of nation-building to the CBC; they also have a part to play that should be both rewarding and exciting. To play it, they need direction, guidance—and, where necessary, compulsion—which can be provided only by the Broadcasting Authority.

The CBC also needs guidance, for it has notably failed in the past to realize the full potentialities of radio. This too is a responsibility of the Broadcasting Authority, which should have charge of the basic determination of policy for the CBC. It now has, for its guidance, a study entitled 'Programming in the Public Interest—CBC Radio'. This was produced by the CBC as an offshoot of the companion study on television already mentioned. It is a useful study, which might well have been undertaken long ago.

In our opinion, this CBC proposal is still perhaps too much bound up with the practices and traditions of the past. A good start has been made, but radio needs a new look; it requires fresh winds blowing through its programming. The main element of the proposed schedules is the magazine format, or block programming. While this method of presentation has something to commend it, the proposals suggest far

too much rigidity. CBC radio should be much more flexible and free-wheeling, so as to take advantage of its special qualities.

News and public affairs—for example—should have top priority on radio. Not only should there be regular news bulletins and a more extensive coverage of Canadian events by CBC correspondents of both French and English networks, but the listener should have the feeling that he is listening in on the wire so that news comes to him almost as it happens.

Today, radio has become a daily grind of news, weather, comedy, and music, music, music—nearly all recorded. There should be more live Canadian music and drama than the proposed schedule provides. The idea of late-night music and news is excellent, as many Canadians work at odd hours. The proposal lists programs developed by the CBC to replace shows that disappeared when top programs shifted from radio to television—variety and comedy shows, daytime serial dramas, weekly dramatic productions, and situation comedies. Few of the replacement programs do much to provide light entertainment that was lost by radio to television. The time has come to make radio more experimental, more entertaining, more fun.

Radio is well suited to meet the needs of specialized audiences and minority groups. It can provide programs for children, teenagers, farmers, hobbyists, commuters, sports lovers, and religious groups—all at a fraction of the cost of such programs on television. It can also provide instructional broadcasting, adult education, popular lectures, expert commentaries, for relatively small groups. We agree with the CBC claim that “radio, with its greater economy, flexibility and ease of production, together with its longer schedules, is better suited than television to satisfy a variety of specialized interests.”

With its lower cost, radio is an ideal vehicle for the development of new talent—writers, producers and directors, actors and musicians. Where are the new, young, vibrant voices and talents, the new producers and personalities? There is little in the CBC proposal to indicate that it is interested in opening its doors to new talent. Even if many simply use radio as a stepping-stone to television, it is far more economical to let young talent cut its broadcasting teeth in radio than to turn it loose, with little experience, in expensive television productions. And some of them may find radio more exciting and rewarding. There is a good chance that the monotony of present-day television—its surfeit of doctors, nurses, cowboys, cops and robbers, and secret agents—will

make a rejuvenated radio service more attractive. Television's troubles are radio's opportunity.

We disagree with the CBC position that "the prospects are, however, that the reduction of unsuitable announcements will constitute a gradual withdrawal of CBC radio from local spot advertising." Apart from the pompous verbiage, we do not accept the thesis. Advertising is part of North American life; the sale of goods is a legitimate function of the broadcasting media. It has to be done with restraint and decorum, and must be kept within limits as to quantity and maintained at a suitable level of quality. There is no need for radio (or indeed television) advertising messages to be as dull, repetitious, and meretricious as they are. But advertising is part of the broadcasting game as it is played in North America. Apart from financial benefit, CBC radio will be better, and more in touch with reality, if it continues to carry commercial messages, but this should not be regarded as a distasteful and slightly disreputable duty. It is an added chance for excellence and the use of skill and imagination. The present attitude of the CBC towards radio advertising is negative, defeatist. Rather than struggle to develop better and more interesting commercials, it prefers to get out of the whole messy business and let the revenues go.

One of the soundest proposals in the CBC study on radio is the idea of multiple use of programs. In effect, it proposes that CBC should produce better programs, use more talent, spend more money on individual programs, and then repeat them—not one but two, three, or four times, at different hours on different days of the week, or even a year later if the program is still lively and relevant. This proposal recognizes the fact that the radio audience is constantly shifting. A good program may be heard by chance. It may come at a time when an interested listener cannot hear it. He should have a second or third or even a fourth chance, if the program is really worthwhile. Such a policy of better programs, repeated several times, would do much to enrich the radio fare. We urge that it should be tried.

Finally, we suggest that CBC radio cannot content itself with the national network service, important though it is. The CBC needs to strengthen materially its local and regional radio program service, so as to bring its stations and their potential audience closer together, and to conform to the basic changes in the function of radio caused by the development of television.

It will be seen that our concept of the future needs for private and public radio in Canada are different. The lines of development of the

two have tended to diverge. Private radio has become more and more local and has seriously neglected its national and international responsibilities. CBC radio has concentrated on its national function and has not sufficiently met local needs and the needs of particular segments of the audience. We believe that the trends of both private and public radio should alter and their lines of development should converge, although they can never meet completely.

Private radio stations, while maintaining their flexible and generally valuable local services, should participate more extensively in the national purposes of Canadian broadcasting. Their facilities should be used to interpret different regions of Canada to each other. Their considerable assets—both financial and cultural—should be mobilized to produce more balanced, more varied, and better program fare for the listeners of each station. Programs that would be beyond the reach and the means of a single station can be produced by merging their assets and their talents. This should be done preferably by voluntary cooperation between the private stations, but it can be stimulated and guided by the Broadcasting Authority.

The basis of this proposition is quite simple. As we conceive it, the performance of a private station must be a valid part of the Canadian broadcasting system. It is not good enough if one station concentrates on news and public information, another on classical music, another on rock-and-roll. Each station, perhaps with differing emphasis, must expose its listeners to the complete spectrum of radio services. If it cannot do this from its own resources, means must be found to mobilize the resources of several stations to achieve the desired result by co-operative action.

For CBC radio the future course of development we suggest is different. It now does reasonably well in providing a national service, but it is rigid, remote, out of touch with local reality. It must get down into the market-place, not only in its commercial policy. It must establish better contact with local and regional opinion. It too must become a complete service.

For both public and private broadcasting, radio is the great chance. It is the real communicator, the vital interpreter. Television is muscle-bound by its high costs and the consequent need to reach mass audiences. Radio is mobile and flexible. To all radio broadcasters we say: Free your radio policies from the shackles of past practices and traditions. Get going!

# 16

## EDUCATIONAL BROADCASTING

*Human history becomes more and more a race between education and catastrophe.*

H. G. Wells (*The Outline of History*)

### THE ELEMENTS OF EDUCATION

The content of broadcast programming has been described as information, enlightenment, and entertainment. But what, in the end, do we mean by education? Information and enlightenment certainly, and—since ‘all work and no play makes Jack a dull boy’—at least some forms of entertainment. In this sense then, if all broadcast programming is educational, the term ‘educational programming’ is a pleonasm. It is necessary, therefore, to define much more precisely what we are about to discuss.

Education, as dealt with here in relation to broadcasting, comprises—by our definition—four distinct but overlapping elements:

*Scholastic Education* covering formal school and university programs, both for children and adults, together with supplementary material particularly designed to broaden and enrich the curriculum;

*Vocational Training* comprising courses directed to adolescents and adults to qualify them for, or develop additional skills in, specific gainful but not professional occupations of all kinds;

*Special Enlightenment* covering courses and programs, for people of all ages beyond infancy, to popularize and develop skills in or knowledge of specific arts, crafts, hobbies, and sciences;

*General Enlightenment* comprising the humanities in general and the broad improvement of the mind.

The omission of 'adult education' from this list should not be taken to mean that we are not mindful of its importance, for adult education clearly covers the whole spectrum. Some of those who dropped out of school at an early age, and have come to regret it in maturity, may wish to make a fresh start from where they left off, and there are countless people who take university degrees at an age much later than normal. Vocational training often appears as the only comfort and hope of salvation for older men and women displaced by automation or in danger of being stultified by the daily round of common tasks. Almost anyone who is not a moron is amenable to some form of special enlightenment, however simple in form, and—at any age—exposure to general enlightenment is, at the least, a social necessity.

#### THE BACKGROUND

Much has already been accomplished in Canada in the field of educational radio and television. Since the beginnings of radio, the techniques of broadcast communications have been developing in parallel with the growing needs of education and the greater interest being shown by educators in marrying their needs to the new facilities.

A few of the private stations have contributed to the evolution of educational broadcasting in Canada, but the CBC, with greater capacity for the purpose, has had the lion's share. Both the French and English networks of the CBC have made their own experiments, and some of these are worth recording. The series 'Radio-Collège', broadcast on the French network from 1941 to 1955, was a striking example of what radio can offer to an audience of young and old. The English networks have been more directly involved in school programs, and since 1942 school broadcasts have been presented to complement classroom courses, as well as general education programs aimed at children and adults.

The trend of the last few years seems to have been towards a weakening of the general educational and scholastic services of the CBC, particularly on the English networks. The statistics may show an increased number of broadcast hours for these programs, but serious problems have progressively arisen over budget priorities, viewing time, and pre-emption.

Nevertheless, the growth of educational broadcasts on radio and television during the last several years, in Canada and elsewhere, leaves no room for doubt about the vital contribution that these new media, and especially television, are making in the field of education, while it is also evident that their full potential is still largely untapped. Indeed, there is good reason to believe that we are on the verge of a revolution in the techniques of education, which already have been and will increasingly be affected by the techniques of broadcasting. We have therefore addressed ourselves to some of the principal questions arising from the potential use of broadcasting techniques to serve the special needs of education in Canada.

Our principal concern has been with the field of scholastic education, which is the responsibility of the provincial governments. The federal Government, although concerned neither with curriculum nor directly with cost, has an undoubted obligation, as the owner of the public sector of broadcasting and the controller of the private sector, to ensure that the facilities of the entire broadcasting system are placed at the disposal of the provincial educational authorities to the greatest practical extent.

### FACILITIES AND TECHNIQUES

Broadcasting is only one of many audio-visual media of education. All sorts of devices are available to produce or reproduce recorded sound and pictures, which can also be distributed on closed circuits. Some of these media are more suitable than others for particular purposes, and the fact that many of them can be used in parallel or in conjunction with broadcasting makes it desirable to seek comprehensive solutions.

We have not made a detailed study of all the audio-visual aids to education that are available today, but it is worthwhile to mention briefly some of the factors which make one medium more effective than another for a particular purpose. One of the first main distinctions is between broadcasting and closed-circuit techniques. Broadcasting has the great advantage of being able to reach large numbers of listeners and viewers simultaneously through their ordinary receiving sets in their homes, in public places, or in fact anywhere within range of the broadcast. However, the limited number of frequencies and channels severely restricts the number of programs that can be broadcast simul-

taneously. By contrast, the closed-circuit system has the capacity to use a very large number of channels at the same time, and can thus handle a much greater number and variety of programs, but there is the compensating disadvantage that the students must be gathered together within the limited range of the closed circuit.

The question, then, of knowing whom one wishes to reach, and when and where and for what purpose, becomes important. It appears that the closed-circuit technique is better suited to purely scholastic programming, because it affords greater flexibility and adaptability to differing regional and provincial requirements. For adult school courses and at the university level, for which evening courses are numerous and available space limited, broadcasting would reach a larger number of students. This comparison is a deliberate simplification of a complex question, but serves to illustrate the problem.

Because there is a limited number of television channels and radio frequencies, and because the hours available for their educational use are restricted, consideration will soon have to be given by all concerned to the feasibility of establishing broadcasting stations and networks for educational purposes only. The possibilities in this direction are being carefully scrutinized by some provincial education authorities, universities, and school boards. The limiting factors here are, first, the very high cost of these specialized installations, and second, the few VHF television channels that have not yet been assigned to operators. It would therefore be expedient to undertake, as a matter of urgency, a precise evaluation of overall needs and the means available to satisfy them, which should be projected as far as possible into the future. This would necessarily be a federal-provincial undertaking, for the provinces must determine and make known their general needs and plans, and it will be for the Broadcasting Authority to plan the most rational and economical use of the airwaves without infringing provincial prerogatives.

Now that educators have begun to take an active part in scholastic broadcasting, it is perhaps not surprising that they and the broadcasters do not always see eye to eye. Few educators are familiar with the language or *ambiance* of program production, and experienced broadcasters are accordingly reluctant to share with them the responsibility for producing school broadcasts. There is in fact a natural division of labour between them, but the educator must try to understand the nature of broadcasting, and the broadcaster must accept the authority

of the educator with respect to program content and scholastic presentation. The most desirable and, in our opinion, only worthwhile solution will be found when some educators specialize in the techniques of scholastic broadcasting, and some television producers and others concerned in the production of scholastic broadcasts have undergone more advanced academic and pedagogical training.

### SCHOLASTIC BROADCASTING

Apart from the school programs broadcast on the CBC English radio network since 1942, scholastic broadcasting in Canada is a fairly recent development. At the primary and secondary school level, good examples are the school broadcasts produced by the Nova Scotia Department of Education with the help of the CBC, the broadcasts prepared by Radio-Canada for the Quebec Department of Education, and programs broadcast by the Metropolitan Educational Television Association (META), in Toronto, in conjunction with CBLT and CFTO.

The first experiment with a university credit course was made by the University of Toronto and the CBC in 1960. In 1961, Arts credit courses were inaugurated by the University of Montreal on CBC television, which have developed into broadcasts viewed on the whole French television network of the CBC, involving also the French-language universities of the Province of Quebec and the University of Ottawa. CBMT (Montreal) broadcasts programs organized in conjunction with Sir George Williams University. Although few private stations have undertaken any scholastic broadcasting, the contribution of those that have has been significant, both for credit and non-credit courses; among those deserving credit on this score are CFCB-TV (Sydney, NS), CJON-TV (St John's, Nfld), CFTM-TV and CFCF-TV (Montreal), CHLT-TV (Sherbrooke, Que.) and CHCH-TV (Hamilton, Ont.).

There are, of course, differences in these broadcast scholastic programs, depending on whether they are aimed at schools or universities. School broadcasts on either radio or television are directed to the pupils in the classroom, where they are under the supervision of a teacher who can follow up the program material with suitable explanations. Among the factors affecting the degree to which school broadcasts are integrated with the normal program of studies are the subject matter, the amount of preparation done by the teachers, and the prov-

ince or region in which they take place. University broadcasts, on the other hand, are directed to the student, in his own home, in the form of credit or non-credit courses.

Scholastic broadcasting is very new in Canada, but other countries have already done a great deal. In Italy, for example, scholastic broadcasting is much more than an available teaching-aid; television has brought secondary schooling into regions where it has never existed before on any significant scale, notably in the south, and thus for many Italians, young and old, television provides the school they would never otherwise have had or been able to go to.

Today there is a crisis in Canadian education. The Economic Council of Canada has drawn attention\* to the surging increase of young people in relation to the total population, and many surveys of the available human and physical resources have confirmed the staggering educational requirements of tomorrow, if not already of today. This crisis gives a new dimension to the techniques of scholastic broadcasting and its capacity for communication by sound and sight. There are many problems yet to be resolved.

The CBC schedules have long included educational broadcasts (in the general sense of the term), for the CBC has taken the initiative in responding to public demand for programs of this type, and some of them—notably 'Radio-Collège', 'The Nature of Things', and 'Live and Learn'—have been excellent. We have had ample evidence that there is general approval for this kind of CBC involvement in educational broadcasting, and many express the opinion that it is the duty of the CBC to raise the quality and volume of the educational broadcasts in its schedules.

The CBC initiative in this field has raised fears in certain quarters that the Corporation might venture on its own account into scholastic broadcasting, but this would certainly not accord with recent CBC practice. The problems of scholastic broadcasting from CBC stations are purely administrative and do not entail any jurisdictional conflict whatsoever between the provinces and the federal Government. The CBC is well aware of the constitutional rights of the provinces with regard to education, and is anxious to be of service to them and not to go beyond its proper limits in this field. In any event, it is obvious that the CBC is in no position to undertake the essential task of organizing audiences for scholastic programs; this cannot be done without the participation of educational authorities and institutions.

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\* First Annual Report—'Economic Goals for Canada to 1970'—December, 1964.

Since the content and pedagogical aspects of scholastic broadcasts are constitutionally the responsibility of the provinces, they raise no serious problems. Some attention is necessary, however, to constitutional questions arising from the financing of scholastic broadcasting and from federal control and regulation of broadcasting in general. We are satisfied that these questions should present no serious difficulty.

We have already said that there is no justification for permitting television broadcasts to start earlier than noon, except in very special circumstances. We believe that the morning hours could be put to more important national use in transmitting school and university broadcasts. This development would complete the service to be offered by stations licensed for scholastic broadcasting only, for it would be impossible immediately to establish enough of these specialized stations to meet the entire need in all parts of Canada to the same degree. The Broadcasting Authority should have the power to require, as a condition of a licence to broadcast television, that a certain number of morning periods must be reserved for scholastic broadcasting, wherever a reasonable need can be demonstrated. Our recommendation is admittedly intended primarily as an immediate, if only partial, remedy in a critical situation. The rapidly growing foreseeable demand for scholastic broadcasting will undoubtedly necessitate more adequate permanent arrangements, and plans to that end should now be in preparation. One precautionary step that should certainly be taken is that the Broadcasting Authority should definitely reserve a sufficient number of UHF channels for this purpose against the day when the new system is brought into operation.

We were unable to learn that any exhaustive studies have yet been made of the cost of television and radio services for schools and universities, but it will certainly be high.

We do not think that the federal Government should be called upon, or be willing, to subsidize private or public stations for the transmission of scholastic broadcasts. It is quite clear, in our opinion, that CBC stations and private stations carrying scholastic broadcasting should be reimbursed in full for the direct and indirect costs of these services by the institutions or educational authorities to whom they are rendered.

Certain provincial governments have already openly expressed an interest in obtaining licences to operate educational broadcasting stations or networks, but so far no formal requests have been made to the Board of Broadcast Governors. The policy with regard to the issue of broad-

casting licences to provincial governments was enunciated on May 3rd, 1946, by the then Minister of Reconstruction, speaking for the federal Government. He said:

"I can say the Government has decided that since broadcasting is the sole responsibility of the Dominion Government, broadcasting licences shall not be issued to other governments or corporations owned by other governments."

This policy has never officially been changed. The Broadcasting Act is silent on the subject, but the Chairman of the BBG declared in 1962:

"It is public broadcasting policy that licences to operate stations will not be issued to provincial governments or departments of provincial governments."

We are of the opinion that the policy of not granting broadcasting licences to provincial governments is sound, and is consistent with the position of the federal Government in not holding such licences itself, but rather granting them to a Crown corporation that is not subject in any way to ministerial control or used for partisan political purposes. Nonetheless, the exigencies of the situation with regard to education in Canada now make it desirable, in our opinion, that the federal Government should open up the national broadcasting system for this purpose. We think, therefore, that licences should in future be granted to educational institutions or corporations, even if they are wholly or partly owned by provincial governments, provided that the Broadcasting Authority is satisfied that the applicant is effectively independent of direct ministerial control.

#### *A National Advisory Council*

If Canada is to have a well organized and economical system of scholastic broadcasting under provincial auspices, there is little time to be lost in planning the most effective use for this purpose of the national broadcasting system, public and private, as it exists today. It is clear that the problems that are already upon us must be considered on a nation-wide basis. The whole domain of scholastic broadcasting is new; there is little Canadian experience on which to draw; and there are pedagogical, financial, and technical problems to be solved.

It has been suggested that there would be great merit in the establishment of a permanent body of some kind which would bring together all the people concerned—the provincial educational authorities, representatives of the educational institutions and associations of educators, the Canadian Broadcasting Authority, the CBC, and representatives of the private broadcasting stations—so that the sum of all the available

knowledge and experience may be pooled and drawn upon in planning for the future. We warmly endorse this proposal, and accordingly recommend the establishment of a National Advisory Council for Scholastic Broadcasting as soon as may be practical, so that the development of general and detailed plans may proceed in orderly fashion throughout Canada. Without attempting to formulate terms of reference for the National Advisory Council, we think that some of the most urgent requirements are:

- A consulting service on technical matters, to give advice on different kinds of equipment available for closed-circuit television, on recording techniques for the reproduction of scholastic programs, and on the availability of suitable material in Canada and abroad; and perhaps to organize and operate an exchange service;
- Advice to educational institutions and authorities on the techniques of programming for scholastic broadcasting;
- The establishment of libraries, consolidated catalogues, and information services on technical and educational material;
- Publication of technical bulletins, bibliographies, and other relevant material;
- The organization of seminars and conferences for educators and broadcasters engaged in scholastic broadcasting;
- Research into all technical aspects of scholastic broadcasting.

If the proposed Advisory Council is to undertake all this, it will need a continuing staff to undertake the substantial volume of work and to organize material for the meetings of the Council. We suggest that the formation of the Council is a subject to which the Government might give consideration as a possible item on the agenda of a federal-provincial conference.

#### *Scholastic Broadcasting by the CBC*

For some time to come, the CBC will necessarily be the principal agent for distributing the scholastic programs required by the provincial educational authorities and educational institutions, although the private sector will also have to contribute its share. The CBC is at present the only body in Canada that has the technical means to develop scholastic broadcasting quickly and, in our opinion, the educational service of the Corporation should be adequately supported and strengthened.

We believe that, particularly for scholastic broadcasting, it is essential for CBC educational staff to have academic and pedagogical qualifications, as indeed many of them now have. Producers should be chosen especially for marked aptitude and taste for this branch of broadcasting; to a certain extent, the educational service should be regarded as a career in itself by producers who can acquire the necessary qualifications. At present, too many producers gain experience in educational broadcasts, and then move on to other fields that command higher prestige.

For more than twenty years, the CBC has had its own national advisory committee for school broadcasting, which has rendered valuable service to the Corporation and to educators. We do not think that the establishment of the National Advisory Council for Scholastic Broadcasting which we recommend should entail the dissolution of the existing CBC advisory committee. The National Advisory Council must inevitably be a very large body, and the CBC will undoubtedly continue to require a more handy mechanism for obtaining advice on scholastic broadcasting problems. In fact, we believe that the CBC advisory committee should be revitalized, and that its terms of reference should be enlarged to include activities at the university level in addition to the primary and secondary school levels.

#### THE SPREAD OF ENLIGHTENMENT

The educational activities of the CBC have not, of course, been confined to scholastic broadcasting. Much valuable work has been done in the past in the field of what we have defined as special and general enlightenment, which might very well be extended in the future, and which serves as a model for the private sector in the fulfilment of this aspect of their responsibility for public service programming.

We have already drawn attention to the fact that there appears to have been some progressive decline in the quality of CBC educational broadcasting, as distinct from scholastic broadcasting, although the total hours of broadcast time may indeed have increased. At one time, for example, the Canadian Association of Adult Education collaborated with the CBC on the production of twenty-six broadcasts a year, whereas the number today is no more than nine a year, and there has been a weakening of the liaison between the French networks and the Institut Canadien d'Education des Adultes. The CBC adult education programming is still very impressive, but it is disconcerting to have

to report a decline in an area where new development is undoubtedly highly desirable and probably necessary in the absolute sense.

In parallel with scholastic broadcasting aimed at schools and universities, the growing need for vocational training for adolescents and adults is likely to accelerate in the near future because of the changing age-structure of the population of Canada. Vocational training is, of course, a provincial responsibility to which the federal Government makes financial contribution, and we have no doubt that the broadcasting resources of the CBC can and should be put to valuable use in its service.

Beyond this, the CBC has a heavy responsibility for the development, on its own initiative, of programs for people of all ages beyond infancy, designed to popularize and develop skills in and knowledge of particular arts, crafts, hobbies, and sciences, and in this field it has a duty to collaborate to the fullest possible extent with national bodies interested in adult education, universities and other educational institutions, including those specializing in arts and crafts, and with scientific institutions. Finally, the CBC clearly has a responsibility to continue and extend its range of programming in the humanities generally, for exposure to general enlightenment for all Canadians must in the end contribute to their well-being and the mature development of Canada. These responsibilities and tasks should be recognized by the CBC as among the most important in the field of public service programming, and should be given adequate financial support and corporate leadership.



PART VI  
FINANCE



# 17

## THE FINANCING OF BROADCASTING

*'But you have such a generous spirit,' said Mrs Dashwood. 'I would not wish to do anything mean,' he replied. 'One had rather, on such occasions, do too much than too little. No one, at least, can think I have not done enough for them; even themselves, they can hardly expect more.'*

*'There is no telling what THEY may expect,' said the lady, 'but we are not to think of their expectations; the question is, what you can afford to do.'*

Jane Austen (*Sense and Sensibility*)

### METHOD OF INQUIRY

The financial affairs of the Canadian Broadcasting Corporation cannot be fairly appraised without taking a careful look at the past and present financial state of the Canadian broadcasting system as a whole. In recent years, both costs and revenues have increased very rapidly; the technology of broadcasting has maintained its astonishing pace of development; and radio has made a remarkable recovery from the first stunning effects of television. All these factors and the trends they disclose must be taken into account in forecasting financial requirements for the future.

Financial studies by themselves tell only part of the story, for financial results depend on the effectiveness with which available funds are controlled. A study in depth of the private radio and television

stations was virtually impossible, and our work in that area has been confined to analyzing the details of the returns that private stations submit annually to the Dominion Bureau of Statistics, the Department of Transport, and the Board of Broadcast Governors. Much can be learned from these returns but they require careful analysis, for the published DBS statistics are arranged so as to obscure the results for particular stations by using overlapping categories of station revenue. It was necessary for us to secure a release from virtually every station to permit access to the individual returns, and the cooperation we received from the private sector was highly gratifying.

In studying the effectiveness of financial control, we were concerned particularly to look at the CBC systems for internal financial management and reporting at the national, regional, and local levels. We were interested in the extent to which the recommendations of the 1957 Royal Commission had been implemented and, because of the high cost of television, we paid particular attention to the main cost headings for television production, submitting operational and administrative costs to a series of tests carried out on our behalf by consultants engaged for the purpose.

We decided that much would be gained by re-engaging the consultants who undertook the financial studies for the Royal Commission in 1956-57, Messrs Touche, Ross, Bailey, & Smart, chartered accountants. We were particularly fortunate in securing the services of Mr G. Meredith Smith, who collaborated closely on the previous occasion with Mr Guy Hoult and Mr K.R. Oswell. Mr. Smith again chose Mr Oswell as his associate and assigned to him the task of supervising and co-ordinating the many financial studies carried out on our behalf at both CBC and the private stations.

For this inquiry, as a means of putting together a team of accounting specialists and methods analysts, the associated firm of P.S. Ross & Partners, management consultants, was engaged specifically to test operational and administrative efficiency. Mr W.D. Davidson of this firm worked closely with his accounting associates, and we are grateful for the thoroughness and expedition with which these tasks were accomplished. The results of all these studies have been summarized at length by the consultants in Appendix A. The material includes the various tabulations of financial information from the private stations, with a special look at the brief financial history of the CTV network.

To begin a financial report on Canadian broadcasting in 1964, one could almost repeat the opening of a similar chapter in the report\* of the 1957 Royal Commission:

"...we got little help on these major problems of finance from the witnesses who appeared before us. There were some supporters of the CBC who argued that it should have an adequate and assured income. Some of its critics viewed its mounting costs with genuine alarm. There were random comments about the need of economy and efficiency....But beyond these general comments there was little direct evidence on financial questions."

Again on this occasion, public opinion as expressed to us seemed concerned with financial matters primarily as they affect the relationship of the CBC to Parliament and the Government. In some sixteen briefs there were recommendations in support of the need for statutory annual grants to the CBC, to be fixed for periods of up to ten years, all of them argued that the CBC should have more certain financial resources, so as to be able to plan with greater confidence. Three briefs held that commercial revenue should be replaced by public funds; we do not think that this course is either necessary or desirable, provided that the CBC expectation of commercial revenue is clearly established for a fixed period.

It is not surprising that the public can refer to these important questions only in a general way. The amount of information publicly available is not really sufficient to allow clear insight into the financial facts of broadcasting and, in our view, something should be done to improve the methods of financial disclosure, both for the better information of the general public and to improve the effectiveness of the Broadcasting Authority. In particular, the data submitted by both public and private sectors should be standardized as far as possible, so that comparisons may readily be made under each principal financial heading.

In planning the special studies, we decided that the consultants should analyze past performance only so far as was necessary to form a dependable understanding of the main trends and the main cost categories in both public and private sectors. In fact, one could not usefully go back beyond 1960 for two reasons; in recent years, substantial changes and improvements have been made in the accounting system of the CBC, while the private unaffiliated television stations and the CTV network have only recently become fully established. A six-year period was therefore chosen for close examination, and the results are shown in considerable detail in Appendix A. They provide the basis for forecasts of CBC requirements during the next five years on which we have formulated our recommendations for financial provision.

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\* p. 247.

THE PUBLIC SECTOR - 1960-65

Gross annual expenditure by the CBC (Table 17.1) increased from \$93 million in 1959-60 to \$123 million in 1964-65\*. Excluding depreciation and commercial revenues, net operating costs arose from \$52.3 to \$85.9 million in the same period. In 1950 the corresponding figure was only \$5.5 million, or little more than one-sixteenth of the costs fifteen years later. Capital expenditures also increased from \$6.3 million in 1960 to \$13.4 million in 1965.

*Table 17.1—CBC COSTS AND REVENUES*

	1960	1961	1962	1963	1964	1965
(millions of dollars)						
<i>Television:</i>						
Cost of production and distribution	\$65	\$70	\$73	\$74	\$79	\$84
Advertising revenue (gross) .....	36	36	30	28	30	31
Net Cost .....	29	34	43	46	49	53
<i>Radio:</i>						
Cost of production and distribution	16	17	18	19	19	20
Advertising revenue (gross) .....	2	2	3	3	3	2
Net Cost .....	14	15	15	16	16	18
<i>Television and Radio combined:</i>						
Cost of production and distribution	81	87	91	93	98	104
Advertising revenue (gross) .....	38	38	33	31	33	33
Net Cost .....	43	49	58	62	65	71
Operational supervision and services .....	7	8	9	8	9	10
Selling and general administration .....	5	6	7	7	8	9
Total requirements .....	55	63	74	77	82	90
Less: Depreciation included in expenditures .....	3	4	4	4	4	4
Net cash requirements for operations—provided by parliamentary grants .....	\$52	\$59	\$70	\$73	\$78	\$86

The forward projection included in the report of the 1957 Royal Commission assumed an earlier introduction of colour television and

\* Throughout this chapter references are to CBC years ending March 31st.

allowed for large capital investment programs in Toronto and Montreal that did not get under way. The licensing of second television stations also had a significant effect on the forecasts of commercial revenue. In fact, after making some additions and subtractions to allow for these unforeseen factors, actual costs in the last six years were within reasonable range of the 1957 estimates, and we conclude that it is quite practicable to plan and forecast future requirements, in broadcasting as in almost any other undertaking, given a reasonable degree of assurance with regard to future financial resources.

In quoting CBC capital and operating expenditures for 1960 and 1965, we are comparing different things, for the Corporation now has more facilities and a greater volume of programming. Very briefly, the growth in operating cost and capital investment has been accompanied by the following developments:

		1960	1965
Broadcasting stations	—Television .....	8	14
	—Radio .....	18	30
Repeater stations	—Television .....	3	28
	—Radio .....	61	126
Network coverage (% of total population)	—Television .....	85%	94%
	—Radio .....	98%	98%

Programming—During the period there was a 25% increase in broadcasting time, from 80 to 100 hours a week, for CBC television stations.

### *Operating Costs*

One way to analyze the details of increased CBC costs is to distinguish between direct production and distribution costs for television and radio, the cost of operational supervision, and the costs of selling and general administration. This breakdown for 1960 to 1965 is shown in Table 17.1, with the parliamentary grants to the CBC in the corresponding years.

It will be seen that the increase of \$30,000,000 in gross annual expenditures is made up as follows:

	1960 (millions)	1965
Cost of production and distribution .....	\$81	\$104
Operational supervision and services .....	7	10
Selling and general administration .....	5	9
	<hr/>	<hr/>
	\$93	\$123
	<hr/>	<hr/>

By far the largest element of this increase is the growth in total salary and wage costs;

1965 .....	\$52,312,000
1960 .....	34,969,000
Increase .....	\$17,343,000

This increase in the cost of salaries and wages was due to:

Increase in numbers .....	\$ 6,304,000	36.35%
Increase in rates .....	\$ 9,612,000	55.42%
Increase in overtime .....	\$ 1,113,000	6.42%
Increase in part-time staff costs .....	314,000	1.81%
Total .....		\$17,343,000

The average number of full-time employees increased by 18.5% from 6,802 in 1960 to 8,061 in 1965.

The foregoing information must, of course, be related to the expansion of CBC operations during this period, including the extension of coverage and a significant increase in the daily hours of broadcasting. Notwithstanding these important factors, this analysis indicates the advisability of a careful examination of the use of staff, and of the degree to which the many operational and administrative functions are or can be subjected to management reporting, as in other large organizations, after making due allowance for the special nature of broadcasting as a creative activity. Our consultants' findings in this respect are set out in some detail in a separate section of Appendix A.

The consultants have given us other interesting and informative breakdowns showing the cost of programs, network distribution, station transmission, payments to affiliated stations, and further details of the supervisory and administrative cost categories. These further analyses all attest to the pervasiveness of salary and wage costs as an important element in the cost of broadcasting.

There is a significant change in the relationship between commercial revenue and the cost of producing programs with and without advertising during this period. CBC program production and distribution costs for radio and television combined increased from \$81,459,000 in 1960 to \$103,822,000 in 1965. The increase of \$22.4 million is accounted for by an \$18 million increase in the cost of programs not available for sponsorship, and \$4 million for programs which could be sponsored but were not. Gross advertising revenues declined from \$38 to \$33 million, while the direct cost of sponsored programs remained relatively constant at around \$32 million.

This situation is in large part due to the expansion of television schedules into the afternoon and morning hours, when the types of programs broadcast are less likely to be sponsored. The lengthening of the broadcast day has thus seriously affected the relationship between cost and revenue, and we believe that better use can be made of the morning hours by reserving them, as we have already recommended, for scholastic broadcasting.

### *Capital Expenditures*

Total capital expenditures between 1960 and 1965 were \$45,199,000, and the assets created included:

- new head office building at Ottawa;
- six new television stations, including English-language stations at St John's and Edmonton, and a French-language station at Quebec City;
- twelve new radio stations, including English-language stations at Fredericton, Calgary and Saint John, and a French-language station at Ottawa;
- extension of the Northern Service;
- construction of additional radio relay-transmitters and television network-feed and rebroadcasting stations;
- network-delay facilities at Calgary and Winnipeg;
- acquisition of land and engineering costs incurred in connection with consolidation of facilities at Montreal and Toronto;
- extension of television facilities at Montreal and Toronto;
- television mobile units, videotape equipment, and teleciné equipment;
- modification to transmitters, studios and utility booths;
- power increases and frequency changes.

### *Financial Management and Cost Control*

Our consultants have observed, and we agree, that an independent review of the accounting and budgeting systems for any organization as large and complex as the CBC is bound to disclose certain weaknesses, and to indicate opportunities for improvement. It must be conceded immediately that substantial improvements have been made in the accounting system of the CBC since the report of the 1957 Royal Commission. Records are well maintained, income is collected promptly, accounts are paid, and some useful financial statements are

prepared. The views of our consultants\* may be quoted directly as the conclusion of the Committee:

"Some of the weaknesses to which we are drawing attention are . . . serious, others are not, none has proved fatal as evidenced by the fact that the CBC is carrying on its operations year after year without exceeding the budgeted expenditures authorized by Parliament. . . . From our observations, it will be noted, however, that some unnecessary work is being done, that other work could be done in a better way and that the financial controls could be improved."

### *The Budgetary Process*

The following observations relate specifically to the annual budgetary process, and its role as a mechanism for proper financial control through the various layers of the organization. In addition to the annual review, an annually up-dated five-year forecast has been introduced in recent years which requires little comment at this time except to observe that, as a relatively new development, it has not yet been formalized into a well understood set of corporate procedures, although this is well under way.

Annual requirements are built up on the basis of the results expected for the current year, adjusted for anticipated increases and decreases and the additional cost of new or expanded facilities and programs. The regional offices submit their requirements, using guidelines supplied by head office. These guidelines are designed to keep the total requirement within the Estimates approved by the Government, but no target figures are given to the regions.

The main weakness disclosed by an examination of the total budgetary process was that the elaborate system of budgetary control is not, except in a few instances, related directly to responsibility. It is a highly centralized system, and does not clearly allocate controllable costs to those responsible for the items of expense or income involved.

The principle of responsibility reporting is accepted by the CBC and some progress has been made, but our studies indicate that much work still needs to be done in the regions. There is much duplication of effort in the preparation of station and network budgets, which are subsequently reworked after review by head office.

To correct this weakness, a serious effort should be made to expedite completion of the budget manual now in preparation. Budgets and management reports should be directly related to responsibility for control, with no further allocation of expenses or revenues. Substantial

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\* Appendix A, Part I, Section 5, CBC Financial Administration.

savings could be effected by establishing accountability for the performance of responsibilities in all parts and at every supervisory level of the organization. Individual budgets should be summarized for each level of the organization to provide the budget for the whole Corporation. This would enable the CBC to record its actual expenditures and revenues in such a way as to provide appropriate details for management and for its annual report.

The regional budgets should be approved annually instead of quarterly, and should include all regional expenditures including some items, such as wage-increases under union contracts, which are now provided for by head office. The present method of updating estimates requires a lot of detailed work which could be eliminated if forecasts were updated quarterly by applying appropriate factors to broad categories or objects of expenditure. As the inventory of television programs at the regions fluctuates materially from the amounts forecast, the procedures followed in estimating the inventory levels and the control procedures should be thoroughly reviewed.

Appendix A includes a number of other detailed recommendations designed to improve financial reporting, management reporting, and cost accounting, and we recommend these to the CBC for consideration.

One important matter not within the control of the Corporation needs to be rectified. The accounting year of the CBC is the fiscal year of the Government, April 1st to March 31st, but the normal broadcasting year ends at either August 31st or September 30th. Even if the financial year of the CBC cannot be changed, its budgetary year should be altered to correspond with the normal broadcasting year to facilitate proper budgetary control. If the proposed Canadian Broadcasting Authority is to call for standard reports and returns from the national broadcasting system as a whole, both public and private sectors should conform to the natural break-point between summer and winter schedules.

### *Control over Capital Funds*

Capital requirements are forecast for a five-year period on the basis of plans for extension of coverage, changes in program format, replacements, improvements, and modifications to existing facilities. The capital estimate originates with the Director of Engineering and Technical Services in Montreal. The Finance Division in Ottawa reviews and appraises the capital budget before it is presented to Management and to the Board of Directors for approval.

After reviewing the way in which the capital estimates were compiled, our consultants made a number of recommendations for CBC consideration.

The procedures followed in considering and justifying capital projects should be expanded, and more comprehensive investigations should be made and recorded, while all the preliminary study should be completed and the necessary approvals obtained at the project proposal stage. There should be a post-completion audit, including a revision of the Completion and Acceptance Report to include budget and actual costs and adequate explanations for variances; the Report should also provide details of assets being replaced.

The Corporation's policies for the allocation of expenditures between capital and expense should be reviewed and revised to provide that the minimum charge to a capital asset account be increased from \$50 to at least \$100. An operating appropriation should be included in each work-order to cover the costs of operating supplies included in the capital project and presently charged to capital. The charge of 3% to capital projects for administrative overhead should be regularly examined to confirm that the percentage is appropriate. Finally, there should be compliance with Management instructions with respect to charging the cost of CBC maintenance crews working on capital projects to the appropriate work-order.

#### *Television Program-Production Costs*

Underlying our broad review of the internal systems for financial control has been our concern with the mounting cost of television program production and distribution. We know that CBC Management is deeply concerned with this problem, and that other countries and other systems have been and are still contending with the voracious appetite for resources exhibited by this endless daily pursuit of information, enlightenment, and entertainment.

Since resources are not unlimited, their wise and effective use is crucial to the continuing vitality of the broadcasting system in Canada. We shall have comments to make on the allocation of priorities by the private stations as indicated by their financial returns, but our main concern has naturally been with the public sector. We have repeatedly emphasized the paramount importance we attach to the continuation of strong public acceptance and support for the objectives of public broadcasting in Canada. But if these are to be achieved, limited financial

resources must be used to the best advantage. We have therefore made a constructive attempt to point the way to improvements in television resource-management within the CBC.

The largest single item of cost in CBC operations is for television programs. In fact, of the operating expenditures of the CBC totalling \$123 million in 1964-65, over \$79 million, or 64%, was represented by program costs, largely for television. Television production is complicated, requiring advance planning, competent direction, and the co-operation of a large number of people with varied skills and temperaments. Costs vary greatly with the size and type of production, and many programs are parts of series running for a number of weeks in the program schedule.

Individual programs are planned by the producers, and costs estimated by assistants known as Unit Managers or Unit Administrators. Estimates are then related to program budgets. The cost of an episode in a series is also compared with the appropriate fraction of the series budget. Producers may run over cost on a particular episode, but must stay within the overall budget for the series. The Accounting Department records program costs and reports them to Unit Managers, who must then report deviation from budget to the producers. The problem is to keep the actual cost data current so that they may be effectively applied.

Our consultants found some Unit Managers keeping their own record of costs because of the slowness of the reporting system. They also found cost records to be incomplete in some instances. In Montreal, for example, the cumulative totals of variances are not apparent, except on staging and design costs. In Toronto the reports do not compare the budget with actual costs, and variances are not effectively followed up.

The duties and responsibilities of the Unit Managers vary from one production centre to another. At some they are responsible for reporting probable over-expenditures to someone in authority over the producers, but in others they are not. The unit-manager system corresponds closely with that used extensively in the United States, notably by NBC and CBS, but the responsibility for cost control in those organizations seems to be much more clearly defined.

Our consultants propose the following changes in procedures, which we commend to the attention of CBC Management.

The television program-production cost system should be revised to provide for the greatest possible standardization of procedures and

reports in all departments at all production centres. The existing duplication of effort in the accumulation of program costs should be eliminated, partly by increased use of the electronic data-processing equipment in Montreal and Toronto. There should be insistence on timely reporting of actual costs and a proper record of follow-up of variances between actual costs and estimates.

Charges to program costs for production services should be based on estimates agreed between the producer and the heads of production services when a program is planned, unless additional expense arises from changes made by the producer after the establishment of the budget-estimate. This system, which is in use by CBS and NBC, should facilitate the determination of responsibility for variances from program budgets. The relative duties and responsibilities of producers and Unit Managers (or Unit Administrators) should be clarified and standardized throughout the organization, particularly by defining their respective responsibilities for control of program expenditures and variances from program budgets.

The CBC Management affirms that this matter has been under consideration for some time, and that the necessary changes in the organization structure are already in hand. We must take this opportunity to repeat what we have said in the chapter on CBC organization; there is a crying need for clear and concise job-descriptions, and for unequivocally direct lines of authority. No single administrative reform would go so far to improve efficiency and morale in the CBC as a rationalization of its budgetary control procedures coupled with the introduction of a simple but comprehensive management-reporting system. But effective budgetary control and significant management-reporting are quite simply impossible without absolutely precise demarcation of areas of supervisory responsibility.

### *Improvements in Efficiency*

#### *Program Production.*

Our consultants undertook studies of program production in Montreal, Toronto, and Vancouver. There was full cooperation by CBC staff at all three centres. Selected representatives of management at various levels were interviewed to obtain insight into management and supervisory practices. Other methods of study included personal observation of operations, examination and analysis of operating statistics, and

a carefully planned work-measurement sampling of productions, particularly those with a high labour content. Full account was taken of the declared objective of CBC management to give top priority to the maintenance of program quality and quantity, and to regard any savings incidentally achieved as an offset to uncontrollable increases in other production costs.

Our unqualified conclusion based on these studies is that there are ample opportunities for improved efficiency and savings in program production. The consultants reported to us that, within present facilities, it should be possible to save \$1.2 million a year in Montreal, and \$2.4 million a year in Toronto, by improvement in the production procedures, some of which would need the cooperation of the unions concerned. In Vancouver, they found a cost-conscious environment in which the regional management seeks every opportunity to reduce production costs so as to expand its local programming base.

As we have said in the chapter on consolidation plans, there is a real and urgent need to improve and rationalize the television program-production plant and facilities in both Montreal and Toronto. But we are not satisfied that CBC management has fully analyzed the potential savings in production costs that should flow from these improvements. It is therefore necessary to emphasize that the savings projected by the consultants are realistically related to improvements in work procedures: they are not dependent on consolidation and plant improvements. They relate principally to better planning, better scheduling of personnel, and higher productivity, either in terms of fewer staff for the existing workload or from increased output by the present staff. The consultants found that:

- responsible supervisory personnel are untrained in cost-improvement and cost-control methods;
- the industrial engineering group at headquarters is too small to develop the industrial and engineering standards that are urgently needed throughout the CBC production centres;
- The reporting system does not bring excess cost to the attention of responsible supervisors so as to prompt remedial action; operating staff lack appreciation of the adverse cost implications of many of their short-term decisions;
- under the present costing system, producers have insufficient control over important elements of production cost if they are to be held wholly accountable for variances from budget;

- responsible supervisors and other staff are not provided with proper information about improvement in performance on any regular basis; directions are frequently vague, demanding no more than that 'costs must be reduced' or 'better performance is required'.

The measures necessary to eliminate these weaknesses are set out in Appendix A in the form of recommendations for the consideration of CBC Management. They relate to the need to resolve conflicts between departments and sections by a clearer definition of responsibilities, the establishment of standards of performance, more flexible work-scheduling, expansion of the internal industrial-engineering function, a proper training program, and the development of a modern system of job-reporting and performance-reporting. These improvements will take two or three years for full development, and lesser savings are therefore to be expected in this interim period. Due allowance has been made for all these factors in our recommendations for future financial provision for the CBC.

#### *Administration.*

Opportunities to effect savings in the program-production process are closely related to potential administrative savings. The administration offices at Ottawa, Toronto, and Montreal were examined by the consultants. The studies were not intended to be sufficiently detailed to form a basis for immediate implementation, but were undertaken to provide a clear answer to the question of whether or not potential savings exist. The answer given to the committee is a clear 'Yes'. Once again the details of the studies are to be found in Appendix A and only the conclusions are now cited.

Some 1,500 to 1,600 CBC personnel have clerical and supervisory duties, with annual salaries totalling \$7,500,000. The study indicates a potential saving of \$900,000 to \$1,200,000, or 12% to 16%. The savings would arise from staff reductions made possible by proper application of improved efficiency and work-standards, resulting in increased work-output; from improvements in work-planning and scheduling of work-organization; and from improved supervision and proper performance reporting. This does not mean that there need be wholesale, or indeed any, hardships imposed by separations at short notice. We are informed that the turnover of all CBC staff has averaged something like 12% in recent years, and even runs as high as 25% in some classes. Savings on the scale indicated could therefore be largely achieved by a judicious policy of limited recruitment, retraining, and transfers.

At the headquarters a review should be made of the present extensive clerical recasting of much of the detailed reporting of data from regions. At Toronto and Montreal performance is affected by dispersal of the work force, but this is not so in Ottawa. The consultants' recommendations and targets assume acceptance by the CBC of the need to look deeply at its existing practices and requirements, to provide better job-function definitions, and to pursue a vigorous training program in the administrative area. In the belief that this is a valid assumption, we have taken the potential administrative savings into account, along with the potential operational savings, in our financial recommendations for the public sector.

### *Conclusions*

The main conclusions of this long section on CBC financial management can be quite simply summarized. Where the growth in costs does not stem directly from the lengthening of the broadcast day or extension of coverage, there is plenty of room for a tightening up of the internal control structure. This process must embrace not only the accounting and budgetary processes but also a careful study of methods of operation and administration. The savings potential is there, and the ability to achieve it has been assumed by the Committee in assessing CBC requirements, although allowance must be made for the necessary build-up period during which the changes are being introduced. In some instances the CBC has already moved to improve its accounting structure. It is strongly recommended that this process be expedited on the lines indicated in Appendix A, and that equal attention be directed to the installation of effective operational and administrative cost control procedures.

## THE PRIVATE SECTOR

Elsewhere in our report we have said that there should be a redefinition and reaffirmation of the role that the private radio and television stations should play in the Canadian broadcasting system. Having been granted the right to use public assets, it is essential to know how they are doing. An important part of our understanding must be derived from an analysis of the annual reports on their activities. When we came to study these reports, or the consolidated public presentation of them by the Dominion Bureau of Statistics, we quickly realized that the published data would not suffice.

We therefore wrote to all private broadcasting stations, asking that we be allowed to examine the returns they make to DBS. There are 59 private television stations and 231 radio stations. We received permission from all but 5 television stations and all but 44 radio stations. In addition, the management of CTV Television Network Ltd gave us ready access to the details of their operations.

A comment on the annual publication of this information by DBS is appropriate at this stage. We have referred earlier to our conviction that there should be a standard form of presentation of statistical data so that valid comparisons can be made for all the elements, public and private, of the broadcasting system as a whole. At present the DBS analysis of operating results does not clearly distinguish station results by revenue groups. The operating results of English-language and French-language stations are not separately analyzed. The investment in plant and equipment is not shown by revenue groups and the number of stations operating at a loss is not indicated.

There are other problems that could not be resolved from the DBS statistics, even by a detailed examination of the individual station returns. Where companies operate more than one type of service—for example, radio and television, or AM and FM radio, or even radio and some other business such as a newspaper—the results are presumably affected by an arbitrary allocation of overhead expenses between the two elements of the company's operations. Allocation of income taxes between radio and television operation are also often arbitrary. For example, if the radio station had a profit and the television operations resulted in losses exceeding the radio profits, no tax would be payable, thus distorting any analysis of the two operations.

The purpose of these observations is to draw attention to the need for a review of the reporting requirements. An improved presentation should be designed to give a clear picture of the precise position of each broadcaster. This is important, it seems to us, not only as an aid to public understanding but also to assist the Broadcasting Authority in the performance of its duties.

Despite the shortcomings of the available reports, we are satisfied that the information in Appendix A, which is based on our special study of the station returns, is a reliable presentation of the operating results that can be used as a foundation for some judgments about private station performance. We have used the years 1961, 1962 and 1963 for this purpose. Unfortunately long delays are involved in the submission of returns to DBS, so that the information for 1964 was

not available at the time of writing. It would have been valuable to know whether the strong upturn in revenue and net profit in 1963 has persisted. We think that it probably has.

Private radio stations as a whole improved their operating results by 50% in 1962 over 1961 and maintained their net profit position intact in 1963. Private television stations as a group moved from a loss position of \$4,553,000 in 1961 to a profit position of \$3,045,000 in 1963.

The largest item of expense is salaries and wages, which amounted to \$42,600,000 in 1963. In relation to commercial revenue, the payments made by the private stations for artists' and other talent fees seem very small. They amounted to \$4,300,000 in 1963, an increase of only about \$100,000 on 1961, while operating revenues climbed from \$87,100,000 in 1961 to \$111,200,000 in the same period. This relationship affords the grounds for our conclusion that there is a serious dereliction of duty here by Canadian broadcasters in their meagre support for Canadian talent. The '55% Canadian content' rules have been quite inadequate to compel acceptable performance by the private stations in this important area of their responsibilities.

### *Private Radio Stations Operating Results and Investment—1963*

Average investment in plant and equipment for a radio station ranges from less than \$100,000 for the smaller stations to nearly \$700,000 for the largest. For 1963, the consolidated position for private radio stations was as follows:

	English-Language Stations	French-Language Stations
	(thousands of dollars)	
Investment in plant and equipment		
after depreciation .....	\$19,003	\$ 5,178
Net income after tax (less losses) .....	\$ 1,986	\$ 407
% Net income to investment .....	10.5%	7.9%

Combined gross revenue for all radio stations increased at an average annual rate of 8.5% from 1961 to 1963, from \$49,414,000 to \$58,212,000. Operating expenses also increased but not proportionately, so that net income after tax was \$2,393,000 in 1963 compared with \$1,690,000 in 1961. One-third of all radio stations lost money in each of the three years. These were mainly the small and medium-size stations, and of the ten largest with annual revenues exceeding \$1,000,000, only one experienced a loss. It is significant that artists

and other talent fees paid by radio stations declined from \$1,941,000 in 1961 to \$1,863,000 in 1963. They amount to only 3% to 4% of gross revenue.

### *Private Television Stations Operating Results and Investment—1963*

The consolidated position for private television stations for the year 1963 was as follows:

	English-Language Stations	French-Language Stations
	(thousands of dollars)	
Investment in plant and equipment		
after depreciation .....	\$30,224	\$ 6,192
Net income after tax (less losses) .....	\$ 1,290	\$ 1,755
Percentage of net income to investment .....	4.3%	28.3%

Gross television revenues increased by 26% in 1962 over 1961 and by 11% in 1963 over 1962. Total revenue was \$37,736,000 in 1961 and \$52,979,000 in 1963. Operating expenses increased, but not proportionately, so that a combined net loss of \$4,553,000 in 1961 became a net profit after tax of \$3,045,000 in 1963. It is important to note that this period covers the first years of operation for many new stations including those classed as 'second' stations in the major centres, so that the expenses include pre-operating costs incurred by these stations. The costs are therefore higher than would be normal.

As with radio, the largest stations are the healthiest financially. Over half the total profits of those operating at a profit were made by 9 stations each earning \$1,500,000 and over. As with radio also, the amount paid out for artists and other talent fees is disappointingly small—\$2,275,000 in 1961 or 6% of gross revenue, and \$2,435,000 in 1963 or less than 5% of gross revenue. Although the French-language stations appear to be doing much better than their English-language counterparts, they face a different competitive situation; for they are not generally so exposed as the latter to direct competition from stations in the United States.

### *The CTV Television Network*

This network was incorporated in 1961 and began operations on October 1st of that year. The network started with eight charter affiliates, all broadcasting in English, and remains solely an English-language network. Three former CBC affiliates were subsequently

added, the latest being CJON, St John's, Nfld, in the fall of 1964. CTV owns no production facilities as such, except for a network master-control system and equipment to handle film and videotape feeds to the microwave distribution system. CTV recently moved to acquire an ownership interest in CJCH (Halifax), and the affiliated stations are all minority shareholders in CTV. The combined net income after tax of CTV and its eight original affiliates was only \$101,000 in 1963, but this was a substantial improvement from net loss positions of \$5,081,000 in 1961 and \$1,616,000 in 1962.

The CTV affiliates which are located in major markets do not need the network as much as CTV needs them. A conflict of financial interests is inherent in the present arrangements, and limits the ability of the network to develop into a truly national 'second-choice' network alongside the CBC. However, the improvement in the financial position of CTV suggests that no drastic solutions should be sought at this point, and that the network and its affiliated stations should continue to negotiate with each other and attempt to reach a better programming and financial balance between their local and network interests.

### *CBC Affiliates*

The foregoing brief review of private radio and television station finances suggests clearly that, even though there are some dark spots, the overall picture is one of growth and financial vitality. A separate study of the CBC private affiliates would no doubt show that they are becoming restive under the growing competitive pressure and anxious to achieve sounder financial arrangements with the CBC. The effect of competitive pressure from the private network and stations is to create demands that the CBC should seek to offset this competition by revising its programming policies, and should also give more local time to and require less obligatory network-time from its affiliates. Since the mixed system still appears to us to be the best solution for Canada, we recommend that the problems of the affiliates should be given renewed and sympathetic attention by the CBC.

### *Canadian Talent*

One particular conclusion is painfully clear. The amount of Canadian programming and support for Canadian artists and talent by the private sector is woefully small, and might almost be described as con-

temptuous. The Broadcasting Authority should review the relevant regulations in the light of the growing ability of the private stations to share this national responsibility with the CBC. The committee is undeviating in its view that the provision of a choice to Canadians through the licensing of private stations does not in any sense grant them *carte blanche* to meet only the barest possible minimum requirements of the national broadcasting system to which they belong.

### A PLAN FOR CBC FINANCING

A new basis for the financing of the public sector is vital to the future of the whole structure of broadcasting in Canada. We have already noted that the private stations are uncertain about CBC policy in two respects. They would like a clearer statement of CBC commercial policy and they would like to know what plans for the further expansion of the public sector are to be followed. The CBC on the other hand has expressed great concern about the present one-year-at-a-time approach to its financial requirements, and the stultifying effect which this has on its ability to plan programming policy on any firm base. We have reported that all who commented on finances in briefs to the Committee supported a greater measure of financial security for the CBC.

Our discussions with those responsible for broadcasting systems in other countries strongly support the concept of forward planning. Fully commercial systems such as the United States networks regard three years as a proper planning period. The BBC attaches the utmost importance to the guaranteed licence fee, and builds its plans for several years ahead, for both operating and capital requirements, on this predictable level of revenue. We conclude that the present basis of financing for the CBC must be changed if the management of the Corporation is to be put in a position to meet the challenges that lie ahead.

#### *The Present Arrangements*

The net operating expenditures of the CBC are now met by annual grants from Parliament, while capital requirements are met by interest-bearing government loans repayable in equal annual instalments over a 20-year period. Each year the CBC submits to the Government a

forecast of its operating expenditures for the following year, including its expectations of commercial revenues.

The Broadcasting Act, Section 35(2), also requires the CBC to submit a five-year capital program to the Governor in Council. These submissions are required in each fifth year, and the first was in 1959. The second capital plan was therefore submitted in the fall of 1964 to cover the period 1965 to 1970. It has nevertheless been the practice of both the Government and Parliament to approve capital and operating funds only on an annual basis.

### *The CBC Submission for 1965-1970*

To provide a firm basis for our recommendations, it is necessary to cite the current CBC forecast of requirements and to comment briefly thereon.

*Capital Requirements.* Planned capital requirements (Table 17.2) call for the expenditure of more than \$185 million by March 31st, 1970.

Table 17.2—CBC—PROJECTED CAPITAL REQUIREMENTS

Year	Television	Radio	Consolidation of Facilities	Total
	(000)	(000)	(000)	(000)
1966 .....	\$ 7,012	\$ 1,543	\$ 2,545	\$ 11,100
1967 .....	19,653	3,086	11,316	34,055
1968 .....	16,752	3,715	23,652	44,119
1969 .....	18,457	3,465	34,603	56,525
1970 .....	12,694	3,076	23,439	39,209
Total .....	\$ 74,568	\$ 14,885	\$ 95,555	\$185,008

In addition, it should be noted that many projects will be under way or in the planning stage in 1970, and to complete these would require a further \$66,707,000 in 1971 and thereafter. Actual capital expenditures for the year ended March 31, 1965, were \$13,418,000.

*Operating Requirements.* Actual net operating expenditures for the year ended March 31, 1965, were \$85,869,000. The forecast for the period 1966-70, revised to May 1965, shown in Table 17.3 indicates net operating expenditures, after deducting commercial revenue, rising from \$96 to \$148 million a year, or an average of almost \$123.5 million a year.

Table 17.3—CBC—PROJECTED OPERATING REQUIREMENTS

Year	Television	Radio	Interest and	Total
			Central Services	
	(000)	(000)	(000)	(000)
1966 .....	\$ 65,195	\$ 23,284	\$ 7,610	\$ 96,089
1967 .....	78,004	25,640	9,641	113,285
1968 .....	84,598	27,809	11,943	124,350
1969 .....	92,451	28,607	14,447	135,505
1970 .....	100,988	30,658	16,384	148,030
Total .....	\$421,236	\$135,998	\$ 60,025	\$617,259

*Total Requirements.* Combining the capital and operating forecasts, we arrive at a total figure of more than \$802 million in the five years 1966-70 (Table 17.4). These figures do not include:

- capital expenditures of \$9,800,000 and operating expenditures of \$2,029,000 in connection with The World's Fair Exhibition;
- capital expenditures of \$3,647,000; operating expenditures of \$8,850,000; and estimated loss of commercial revenue of \$1,000,000 in connection with special programming for the Centennial celebrations;
- allowance for the effect on capital expenditures of future price increases (operating expenditures include a factor for price increases during the five-year period);
- depreciation;
- provision for loan repayments, although the net operating cost figures do include interest on loans.

Table 17.4—CBC—PROJECTED TOTAL REQUIREMENTS

Year	Capital	Net	Total
		Operating	
	(000)	(000)	(000)
1966 .....	\$ 11,100	\$ 96,089	\$107,189
1967 .....	34,055	113,285	147,340
1968 .....	44,119	124,350	168,469
1969 .....	56,525	135,505	192,030
1970 .....	39,209	148,030	187,239
Total .....	\$185,008	\$617,259	\$802,267

This was the starting point for our examination and revision of the several components of the CBC forecast. The following adjustments have all been mentioned in other contexts in this report.

### *Adjusted Capital Requirements*

The grand total of anticipated capital outlays for the CBC from 1965 to 1970 is \$208,359,000, including price change allowances, Expo '67 facilities, and Centennial requirements. We have gone over these requirements very carefully, and the following adjustments directly reflect our conclusions on consolidation plans in Toronto and Montreal, further extension of coverage, and colour television.

*Consolidation Plans.* The CBC forecasts a total requirement of \$127,661,000 for all consolidation, including \$95,851,000 for Montreal and Toronto. Of this total, \$32,106,000 was not to have been spent until after 1970. We are convinced that the plans must be redrawn on a more modest scale, and we judge that \$20,000,000 should be eliminated from the total to 1970 on this account.

*Extension of Coverage.* The cost of CBC plans for new stations in major centres is estimated at \$8,250,000, with \$2,250,000 scheduled after 1970. We have recommended that these plans be abandoned, and \$6 million have been deducted on this account.

*Colour Television.* The expansion of colour television beyond the scale recommended would involve a total cost of \$22,640,000, with \$4,403,000 scheduled after 1970. Deferment of the whole of this expansion until after 1970 means a reduction of \$18,237,000.

*Price Adjustment.* The CBC allowance for price increases should be adjusted, to conform with the foregoing recommendations, in an amount of \$4,763,000.

These reductions total \$49,000,000, leaving \$159,000,000 as the amount we recommend for all capital outlays foreseen to 1970. A further important note is that whereas the unadjusted CBC plans leave \$66,707,000 for completion after 1970, our recommendations mean that only \$32,131,000 should be required for completion of projects in progress at March 31st, 1970.

### *Adjusted Operating Requirements*

*Commercial Revenue.* As a matter of CBC policy, their forecast has assumed that total net revenue will remain constant at \$25,000,000, even though revenue from radio will be eliminated by 1971. We have recommended that the present 25% share of the television market and

4% share of the radio market, both of which are steadily growing, should be retained. In the period to 1970, this would add revenues totalling \$27,620,000 for television and \$4,680,000 for radio over and above the CBC estimates. Our revision therefore takes this into account.

*Operational and Administrative Savings.* From our consultants' analysis, we deduce that it is essential to provide an incentive to the CBC to seek some substantial portion of the savings we think can be made. If \$4.6 million a year is a reasonable eventual target by 1970, it seems equally reasonable to allow for the progressive achievement of substantial savings in the next five years, and net operating requirements have therefore been reduced by \$8 million on this account.

*Extension of Coverage.* In this period, we recommend the abandonment of CBC plans to expand further in the major centres and a concentration only on other hard-core coverage requirements. This will reduce the operating cost indicated in the CBC forecast by \$4.8 million.

*Colour Television.* Deferment until after 1970 of the later stages of introducing colour television, i.e. the establishment of production facilities beyond the bare minimum recommended, would result in operating savings of \$4 million.

*Program Improvement.* The CBC forecast to 1970 includes a total of more than \$35 million for the general purpose of improving the program service. We endorse the need for improvement, but do not agree that this amount can be justified; we believe that it is reasonable to include only half the amount requested. The CBC forecast has been reduced by \$17,640,000 on this account.

*Interest Payments.* Interest costs are governed by the pace of capital expenditure. Our proposals on capital requirements would result in a reduction of \$3,245,000 from the CBC forecast for interest payments.

*Selling Costs.* Selling costs are directly related to the volume of commercial activity. The higher revenue level that we recommend might mean higher proportionate selling costs, and we have added \$2,309,000 to the CBC operating cost for this item.

*General.* In all other respects we have accepted the CBC estimates, including full provision for operating and capital costs of radio in this period.

The effect of all of these adjustments is to reduce the CBC total net operating requirements by some \$67,676,000 for the five-year period ending in 1970.

### *Adjusted Total Requirements*

The CBC operating and capital forecasts for the full period 1966-70, adjusted to conform with our recommendations, can now be summarized as follows:

	<i>Capital</i>	<i>Net Operating</i>
	(thousands of dollars)	
CBC Forecasts (May 1965) .....	\$185,008	\$617,259
<i>Add:</i> Items not in CBC forecast but which should be covered by any formula		
CBC Expo '67 requirements .....	9,800	2,029
CBC Centennial Programming .....	3,647	9,850
Price changes—Capital forecast .....	9,904	
Allowance for Depreciation .....		48,647*
 <i>Total</i> .....	 \$208,359	 \$677,785
<i>Deduct:</i>		
Adjustments as outlined .....	49,000	67,676
 <i>Revised requirements</i> .....	 \$159,359	 \$610,109

If these are the acceptable capital and operating requirements for the CBC to 1970, attention can now be directed to methods of provision, for which we have made certain assumptions. We assume that a generally acceptable formula must cover all reasonable requirements, so that there will be only one source of public revenue. Total revenue could of course be affected by commercial policy changes. The formula must also be simple and direct, capable of easy application, and related if possible to some measurable individual index of the cost of broadcasting. Our thinking quickly turned to the statistics on Canadian households equipped with radio and television sets. If this country had a licence-fee system, that would be the source of broadcasting revenue. In the absence of a licence-fee, now that the set-owning percentage of the total population is so high, this looks like the easiest and fairest multiplier. Price changes in the forecast period have already been taken into account, directly in the capital forecast and indirectly, by the use of trend analysis, in the operating estimates.

### *The Recommended Formula*

We therefore recommend that the most serious consideration be given to the following proposals for the future provision of capital and operating funds for the CBC.

\*Depreciation has been calculated at a composite rate of 6½% which is the average of recent years.

*Capital Requirements.* In our opinion, CBC capital requirements are best seen in the light of operating policies. There should be a much closer linkage between capital and operating needs for the future, and the best way to achieve this is to require that the operating grant bear the burden of debt-service cost resulting from capital investments.

We recommend, consistently with our analysis of adjusted capital requirements, that a general borrowing authority be established with a ceiling of \$200 million to be drawn down only against capital budgets approved by the Broadcasting Authority. This total borrowing authority will meet reasonable capital needs, and could also be used for fluctuating working capital requirements, which are likely to increase in step with the volume of operations. The CBC should be given no right to utilize the excess of depreciation over loan repayments for any purpose other than reductions in the Proprietor's Equity Account (the present book-value of fixed assets and the working capital). The adjusted capital requirements of the CBC are therefore taken into account on this basis in our recommendations for the operating grant.

This method of financing the capital requirements of the CBC has the great merit of flexibility. Capital requirements necessarily fluctuate widely from one year to another, and the outcome of capital expenditures directly affects operating expense. Moreover, the independence of the CBC, which is generally regarded as necessary, is restricted by the need to come hat-in-hand to Parliament every year for its capital requirements. The formula we propose will make it necessary for CBC Management to exercise a nice judgment in balancing real capital requirements against operating costs.

It should also be noted that the formula provides for complete debt-service, that is to say both interest payments and amortization. If the depreciation rate remains at the suggested annual figure of  $6\frac{1}{2}\%$  and the interest on 20-year Receiver-General loans is set at  $5\frac{1}{4}\%$ , the resultant effect based on our estimates of capital investment by the CBC would be as shown in Table 17.5. Thus an amount of around \$31,000,000 would be available for payment to the Government in reduction of the Proprietor's Equity Account during the five years 1966-1970.

A final note on the rearrangement of asset holdings by CBC relates to the present anomalous ownership of the Radio Canada Building in Montreal by the CBC International Service. Moreover, two of the short-wave transmitters at Sackville, NB, belong to the International Service and one to the CBC. We recommend the transfer of the International

Table 17.5—CBC—PROJECTED DEPRECIATION AND DEBT SERVICE  
(ADJUSTED)

<b>(1)</b> <i>Year Ending March 31st</i>	<b>(2)</b> <i>Depreciation</i>	<b>(3)</b> <i>Loan Instalments due</i>	<i>Excess of (2) over (3)</i>
	(000)	(000)	(000)
1966 .....	\$ 5,832	\$ 713	\$ 5,119
1967 .....	7,387	1,413	5,974
1968 .....	9,629	3,335	6,294
1969 .....	11,870	5,142	6,728
1970 .....	13,929	7,112	6,817
Total .....	\$ 48,647	\$ 17,715	\$ 30,932

Service assets to the CBC. A valuation of \$3,155,000 has been established for this purpose, and this amount has been added to the CBC Proprietor's Equity Account. Pursuant to our recommendations with regard to the International Service, we would expect the CBC to make whatever capital investments are required, and to charge a reasonable annual cost to that Service for this purpose. This charge would then be provided for in the annual operating grant for the International Service. A revised CBC balance sheet, showing the likely effect of all these changes, is set out in Appendix A.

*Operating Requirements.* A projection of DBS statistics for television-and-radio households suggests that by 1967 the numbers will not be much greater in relation to the total population than they are today.

<i>Year</i>	<i>Population<sup>1</sup> (June 1)</i>	<i>Television Homes</i>	
		<i>Number<sup>2</sup> (May) (in thousands)</i>	<i>% of Population</i>
1964 .....	19,272	4,328	22.5
1965 .....	19,646	4,519	23.0
1966 .....	20,039	4,709	23.5
1967 .....	20,441	4,906	24.0
1968 .....	20,855	5,005	24.0
1969 .....	21,286	5,109	24.0
1970 .....	21,729	5,215	24.0

<sup>1</sup> Population and Labour Force Projections to 1970—Staff Study No. 1, December 1964, prepared for the Economic Council of Canada.

<sup>2</sup> 1960-1964—Dominion Bureau of Statistics Annual Report of Household Facilities and Equipment; 1965-1970—our projection.

It would seem that a factor of 24% of the population represents saturation point for households with both radio and television sets.

We recommend the calculation of CBC requirements as a fixed sum per television household. If the mid-point in the CBC fiscal year is used and the CBC year itself is changed as recommended to end in August or September, the date upon which the grant is based could be either February 28th or March 31st in that fiscal year. For the purpose of illustration, we have chosen the March 31st year-end, and have derived the number of television homes at September 30th in each year by using the May figure in the foregoing table plus one-third, or four months, in the following year. Thus the estimated number of television homes in the years 1965 to 1969 is as follows:

<i>September 30</i>	<i>Thousands of households</i>
1965 .....	4,582
1966 .....	4,775
1967 .....	4,939
1968 .....	5,040
1969 .....	5,144

The relationship that can be established between these numbers of television households and our estimate of total CBC requirements works out at \$24.92 a television household.

For the next five years a fixed sum of \$25.00 for each television household relates to the forecast as follows:

<i>Year Ending March 31</i>	<i>Grant at \$25.00 a television home (000)</i>	<i>CBC* Expenditures (000)</i>	<i>Excess of grant over Expenditures (000)</i>
1966 .....	\$114,550	\$102,166	\$ 12,384
1967 .....	119,375	115,336	4,039
1968 .....	123,475	128,852	(5,377)
1969 .....	126,000	128,752	(2,752)
1970 .....	128,600	135,003	(6,403)
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	\$612,000	\$610,109	\$ 1,891
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\*Net operating expenditures including debt service.

It will be observed that the fixed grant more than meets the needs of the first two years but most of this excess is offset by the reverse situation of the next three years. On the face of it, there may be a need to increase the amount of the grant by 1971 as CBC expenditures grow, but we have already observed that the opportunities for savings due to increased efficiency seem greater than we have allowed for. Also, whereas the CBC share of total television revenue in 1962 and 1963 was 30%, we have included only 25% in our estimates. On the other

hand, we have not made specific allowance for the effect of certain of our recommendations, such as the move of the CBC headquarters to Montreal and an accelerated extension of coverage. Taking everything into account, however, we are satisfied that the recommended plan is sufficiently flexible to take care of all these variations one way or the other.

One final observation must be made. The operating formula is designed to cover total CBC needs including both amortization of capital and interest on capital borrowings. It does *not* include operating provision for the CBC International Service. Our report on that Service recommends firmly that it should continue to be financed by separate parliamentary vote. The Department of National Defence should continue to bear the cost of the Armed Forces Service. These would be the only exceptions.

#### RECOMMENDATION

*We recommend:* That the financial requirements of the CBC, both capital and operating, should be provided by a statutory annual grant of \$25 for each television household in Canada as reported by the Dominion Bureau of Statistics.

This recommendation is based on a careful review of the alternatives open to the Government and Parliament. The formula should be re-examined before the end of the five-year period initially provided for, but we hope that there would be no need to alter the basic approach.

For the management of the public broadcasting system, it will afford the degree of independence and financial assurance that is needed to plan the best use of available resources and meet the many complexities of the future with reasonable confidence. For the public, the cost will be about the same for each television household as that of one package of cigarettes a week to be shared out among the whole family.

We regard the proposed formula as a fair expression of all the foreseeable and justifiable requirements of the CBC for the next five years at least. We are satisfied that it will work, and we recommend it to the Government with complete confidence.



PART VII  
APPENDICES



## Appendix A

### REPORT OF THE FINANCIAL ADVISERS TO THE COMMITTEE ON BROADCASTING

June 11, 1965.

To the Chairman and Members  
of the Committee on Broadcasting,  
Ottawa, Ontario.

Sirs:

#### *Report of the Financial Advisers*

We submit herewith our report on the work which we performed in accordance with your instructions to provide information of a financial nature on the broadcasting industry in Canada.

Our report is divided into three main parts, the first two relating to the Canadian Broadcasting Corporation, the third to the private broadcasters. Each of the main parts is divided into sections which are appropriately described in the table of contents.

Partners and staff members of our management consulting firm, P. S. Ross & Partners, participated with us in the carrying out of our assignment particularly in the review of the commercial activities and the television program production techniques and the administrative efficiency of the Canadian Broadcasting Corporation.

During the course of our examination:

1. We visited the head office of the Canadian Broadcasting Corporation at Ottawa and its offices at Montreal and Toronto, the principal operating centres. We reviewed financial and other reports and looked into the Corporation's system of budget preparation and financial reporting. We made a brief review of the electronic data processing installations. The financial statements submitted as Exhibits 1-6 in Section 2 of Part I of our report were prepared at our request by CBC staff and reviewed by us.

We visited the Corporation's television program production centres in Montreal and Toronto and its Vancouver studios. We inquired into television program production techniques and studied the administrative efficiency of the Corporation's clerical staff. We reviewed the commercial operations.

At the time we commenced our work, a review of the Corporation's organizational structure at the senior level was being conducted by an internal study group. In due course this review was completed and a copy of the report was furnished to the Committee. On the instructions of the Committee we did not include a study of the Corporation's organizational structure in the work we carried out.

We had numerous discussions with staff of the Corporation at all levels including supervisory staff and senior management.

We obtained copies of the Corporation's forecast of cash requirements for the next five years and inquired into the forecasts. We discussed the forecasts with the Committee and on the basis of direction given to us by the Committee we made certain adjustments to the figures shown by the forecasts resulting in a new set of figures representing levels of expenditure and commercial revenue which the Com-

mittee considers acceptable for CBC to carry out a satisfactory broadcasting service during the next five years. We made a number of projections for the Committee of the funds which would be provided under a formula proposed by the Committee for the future financing of CBC.

2. Arrangements were made by the Committee for the Dominion Bureau of Statistics to compile, in a form specified by us, tabulations of financial information included in the reports which the broadcasters file with DBS each year. These tabulations included the operating results of all private broadcasters, radio and television, for their financial years ending in the calendar years 1961, 1962 and 1963.

We reviewed the tabulations prepared by DBS staff and scrutinized the returns of some of the individual stations. We did not go behind the reports submitted to DBS except for CTV Television Network Ltd., Toronto, and Station CFCF, Montreal, whose offices we visited to get first-hand information.

3. We visited offices and studios of Columbia Broadcasting Systems Inc. and National Broadcasting Company Inc. where we observed some operations and obtained information which we considered would be useful to us in the conduct of our study.

We place on record our appreciation of the co-operation and assistance provided to us by all with whom we came in contact in the course of carrying out our assignment. Our inquiries into the operations and financial reporting system of the Canadian Broadcasting Corporation extended over a long period of time and we wish to record particularly our appreciation for the great amount of assistance given to us by the management and staff of that Corporation. We also wish to record our particular thanks for the help given to us by members of the staff of the Dominion Bureau of Statistics in compiling tabulations of the operating results of the private broadcasters.

We are grateful for the courteous reception given to us by executives and staff members of National Broadcasting Company Inc. and of Columbia Broadcasting Systems Inc. and for the assistance we received from CTV Television Network Ltd. and Station CFCF. We did not find it necessary to call on the executives or staff of the Canadian Association of Broadcasters or of the Board of Broadcast Governors for much assistance but they were very co-operative in meeting any requests we made of them.

Respectfully submitted,

TOUCHE, ROSS, BAILEY & SMART  
Chartered Accountants.

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## PART I

### CANADIAN BROADCASTING CORPORATION OPERATIONS

#### *1. FINANCIAL RESULTS 1960-1965 AND BALANCE SHEET AT MARCH 31, 1965*

##### 1. INTRODUCTION

At our request CBC compiled a number of financial statements for the years 1960 to 1965 in a form prescribed by us. We reviewed these statements and compared the totals with the annual financial statements of the Corporation but did not make any other verification of them. These statements are included in section 2 of this part of the report as Exhibits 1 to 6. We are providing a balance sheet of the Corporation at March 31, 1965 at the end of this section of the report.

Before dealing with the financial results for the six years in question it would seem appropriate to give some general indication of the growing magnitude of CBC expenditures. Annual operating costs excluding depreciation and after deducting commercial revenues have grown from \$5,500,000 in 1950 before television was introduced in Canada to \$85,900,000 in 1965 and the annual cost will grow to \$148,000,000 by 1970 based on CBC forecasts of what its requirements will be in that year. Growth in the annual cost figures is demonstrated by the following:

<i>Year ended</i> <i>March 31</i>	
1950 .....	\$ 5,500,000
1955 .....	22,400,000
1960 .....	52,300,000
1965 .....	85,900,000
1970 (CBC forecast) .....	148,000,000

These figures do not include capital expenditures which amounted to \$6,300,000 in 1960 and to \$13,400,000 in 1965. CBC capital forecasts anticipate capital expenditures of \$39,200,000 in the year ending March 31, 1970.

The report of the Royal Commission on Broadcasting issued in 1957 included a forecast of the operating and capital expenditures of CBC for the six fiscal years March 31, 1958 to March 31, 1963. We compared the actual results for these years with the forecasts which had been made but we are not submitting the figures in comparative form as we do not consider that the comparison would be very meaningful without the introduction of voluminous notes and explanations because of two major developments which had been expected to occur during the forecast period but did not materialize, i.e., the introduction of colour television service in Canada and the consolidation of CBC facilities in Montreal and Toronto. Another factor affecting the comparability of the figures is that the licensing of second television stations in cities in which CBC already operated was not taken into consideration in the estimates of commercial revenue. We consider that making the comparison was useful nevertheless, because as a result we reached the conclusion that a five-year projection of costs and revenues is practical even though it is not possible to foretell exactly what developments and events are likely to take place over such a period.

## 2. SUMMARY OF OPERATING RESULTS 1960-1965

The growing costs of CBC operations must be considered in relation to the extent of its operations and the service which it is providing. The following statistics are of interest:

	1959	1965
<b>Networks—</b>		
Television .....	2	2
Radio .....	3	3
<b>Broadcasting Stations—</b>		
Television .....	8	14
Radio .....	18	30
<b>Repeater Stations—</b>		
Television .....	3	28
Radio .....	61	126
<b>Estimated coverage by CBC and affiliated stations (percentage of population)—</b>		
Television .....	85%	94%
Radio .....	98%	98%

As at March 31, 1965 CBC television stations were on the air about 100 hours a week as compared to about 80 hours a week at March 31, 1959.

Following is a condensed summary of CBC operating costs for the six years from 1960 to 1965 as shown by Exhibits 1 to 5:

	Years Ended March 31	1960	1961	1962	1963	1964	1965
		(millions of dollars)					
<b>Television:</b>							
Cost of production and distribution	\$65	\$70	\$73	\$74	\$79	\$84	
Advertising revenue (gross) .....	<u>36</u>	<u>36</u>	<u>30</u>	<u>28</u>	<u>30</u>	<u>31</u>	
Net .....	<u>29</u>	<u>34</u>	<u>43</u>	<u>46</u>	<u>49</u>	<u>53</u>	
<b>Radio:</b>							
Cost of production and distribution	16	17	18	19	19	20	
Advertising revenue (gross) .....	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	
Net .....	<u>14</u>	<u>15</u>	<u>15</u>	<u>16</u>	<u>16</u>	<u>18</u>	
<b>Television and radio combined:</b>							
Cost of production and distribution	81	87	91	93	98	104	
Advertising revenue (gross) .....	<u>38</u>	<u>38</u>	<u>33</u>	<u>31</u>	<u>33</u>	<u>33</u>	
Net .....	<u>43</u>	<u>49</u>	<u>58</u>	<u>62</u>	<u>65</u>	<u>71</u>	
<b>Operational supervision and services</b>	7	8	9	8	9	10	
<b>Selling and general administration .....</b>	<u>5</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>8</u>	<u>9</u>	
	<u>12</u>	<u>14</u>	<u>16</u>	<u>15</u>	<u>17</u>	<u>19</u>	
<b>Total requirements .....</b>	55	63	74	77	82	90	
<b>Less: Depreciation included in expenditures .....</b>	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	
<b>Net cash requirements for operations</b>							
—provided by Parliamentary grants	<u>\$52</u>	<u>\$59</u>	<u>\$70</u>	<u>\$73</u>	<u>\$78</u>	<u>\$86</u>	

The increase in annual expenditures on a gross basis, that is to say leaving out advertising revenue, between 1960 and 1965 was \$30,000,000 as indicated by the following:

	1960	1965
	(thousands of dollars)	
Cost of production and distribution .....	\$81,000	\$104,000
Operational supervision and services .....	7,000	10,000
Selling and general administration .....	5,000	9,000
	<hr/>	<hr/>
	\$93,000	123,000
	<hr/>	<hr/>
Increase .....		93,000
		<hr/>
		\$ 30,000
		<hr/>

A major factor in the growth of the expenditures in the past six years has been the increased salary costs arising from an increase in numbers of employees, an increase in salary rates (scale and merit) and an increase in overtime payments. The trend is indicated by the following statistics covering a five year period; we have started with figures at the beginning of the 1961 fiscal year rather than 1960 because of the major strike of employees which occurred in the 1960 fiscal year and using figures as of the beginning of that year would have produced misleading comparisons.

Average number of full-time employees during year:

March 31, 1965 .....	8,061
March 31, 1960 .....	6,802
	<hr/>
Increase during period .....	1,259
	<hr/>
Average annual salary, full-time employees:	
March 31, 1965 .....	\$5,916
March 31, 1960 .....	4,672
	<hr/>
Increase during period .....	\$1,244
	<hr/>

This increase is partly the result of scale increases and partly the result of merit increases.

Total salaries including part-time employees and overtime:

Year ended March 31, 1965 .....	\$52,312,000
Year ended March 31, 1960 .....	34,969,000
	<hr/>
Increase during period .....	\$17,343,000
	<hr/>

This increase is made up (approximately) as follows:

Full-time staff:

Increase in numbers .....	\$ 6,304,000
Increase in rates .....	9,612,000
Increase in overtime .....	1,113,000
Increase in part-time staff costs .....	314,000
	<hr/>
	\$17,343,000
	<hr/>

These figures do not include the cost of artists and other talent.

Thus increases in salaries account for over half the increase in total costs of \$30,000,000. Of the overall increase in salaries more than half is due to increases in rates.

A review of the organizational structure of CBC was specifically excluded from the assignments given to us by the Committee and accordingly we are not expressing an opinion on the present size of the CBC staff or the way in which it is organized at head office and in the regions, except to the extent that we have indicated in Section 6 of this part of the report that staff reductions should be possible through improvements in television program production techniques and administrative efficiency. From our review it was not possible to state to what extent the increase in staff numbers was caused by extension of broadcast hours and coverage, including the opening of new stations, but certainly some part of it was.

In order to make a comparison of the increase in CBC salary rates during the past five years with the increase which has occurred in the communications industry as a whole it is necessary to include overtime because available DBS statistics for the communications industry include overtime. CBC salaries increased by an average of 5.2% a year during the five years from April 1, 1960 to March 31, 1965 which is somewhat higher than the annual average rate of increase of 4.8% for the whole communications industry. In this connection CBC management makes two comments having a bearing on the comparison:

- (a) Large numbers of staff were hired between 1952 and 1959 at starting salaries near the bottom of CBC scales. The subsequent progress of these persons through the scales has tended to bring about a higher than normal increase in rate.
- (b) The salary scale in the management areas was artificially depressed for many years because of the restriction on the President's and Vice-President's salaries under Order-in-Council. With the change in these salaries, more realistic management salary scales were introduced.

### 3. EXHIBITS 1-5

We did not attempt to account in any detail for the changes in level of expenditures between 1960 and 1965 but we have a few broad comments to make on the accompanying statements.

#### *Exhibit 1—Funds Provided by Parliament 1960-1965*

This is a summary showing the funds provided to CBC for its operations and for capital expenditures.

#### *Exhibit 2—Statement of Operations 1960-1965*

This statement sets out the operating costs under a few main headings. It shows the cost of operations divided between television and radio. Of the net cost of operations of \$90,391,000 in 1965 it is interesting to note that \$21,938,000 pertains to the radio operation so that the cost of providing the radio service should not be overlooked; it amounts to a substantial figure.

#### *Exhibit 3—Details of Expenditures 1960-1965*

This statement provides an analysis of the principal items of expenditure. It

shows the following details of production and distribution costs for television and radio combined for the years 1960 and 1965:

	1960	1965
	(thousands of dollars)	
Cost of programs .....	\$58,328	\$ 79,619
Network distribution .....	9,194	10,727
Station transmission .....	3,011	5,004
Payments to private stations .....	5,334	4,753
Commissions to agencies and networks ....	5,592	3,719
	<hr/>	<hr/>
	\$81,459	\$103,822
	<hr/>	<hr/>

Program costs are of course directly affected by changes in hours of operation and CBC television programming increased from 80 to 100 hours a week during the five years from 1960 to 1965. Reference has already been made to increased salary rates and numbers of employees.

A major factor in the increase in network distribution costs relates to extended coverage and longer hours.

The upward trend of television station transmission costs has been very sharp because of the opening of six new stations and the extension of broadcast hours as previously mentioned.

Payments to private stations are based on advertising revenue derived from the sale of time on private stations. These payments have gone down because of the decline in advertising revenue which came about with the opening in 1960 of second television stations in cities where previously CBC operated without competition and the advent of the CTV network in 1961.

Commissions to agencies and networks for 1960 and 1965 were made up as follows:

	1960	1965
	(thousands of dollars)	
Advertising agencies .....	\$3,846	\$3,337
United States networks .....	1,746	382
	<hr/>	<hr/>
	\$5,592	\$3,719
	<hr/>	<hr/>

Commissions to advertising agencies decreased because of the decline in advertising revenues. Payments to U.S. networks also decreased, principally because of a change in the method of distribution of U.S. programs. Most sponsored programs originating in the U.S. are now distributed as syndicated films instead of being distributed by the microwave system. U.S. networks are paid only for live feeds which have been gradually replaced by films in recent years. CBC purchases the film rights which are included in program costs, so that with respect to its usage of U.S. programs CBC program costs would tend to rise and commission expenses would go down.

From Exhibit 3 a comparison can also be made of details of operational supervision and services and selling and general administration as follows:

	1960 (thousands of dollars)	1965
Operational Supervision and services		
Program .....	\$2,354	\$ 4,213
Administrative .....	2,726	3,871
General .....	1,798	2,232
	<hr/>	<hr/>
	\$6,878	\$10,316
	<hr/>	<hr/>
Selling and General Administration		
Selling expenses .....	\$1,232	\$1,999
Engineering and development .....	1,051	1,129
Management and central services .....	3,420	5,331
	<hr/>	<hr/>
	\$5,703	\$8,459
	<hr/>	<hr/>

The most important factor contributing to the upward trend in these expenses is salary costs, a result of increases in rates and increases in numbers of personnel.

Operational supervision and services expenses consist of the following:

Program—including audience relations, program information services, program directors and other departments related to programming.

Administration—mainly supervision, accounting, personnel.

General—other overhead departments including stores, central registry, switchboard.

Selling and general administration expenses include selling expenses incurred at all locations, engineering and development expenses at Montreal and management and central services costs incurred at head office.

The figures for engineering and development are net of charges to capital projects as indicated by the following:

	1960 (thousands of dollars)	1965
Total costs .....	\$1,617	\$2,818
Less charged to capital projects .....	566	1,689
	<hr/>	<hr/>
Net costs .....	\$1,051	\$1,129
	<hr/>	<hr/>

#### *Exhibit 4 — Details of Advertising Revenue 1960-1965*

This statement provides an analysis of advertising revenues both gross and net after deducting payments to private stations and commissions to agencies and networks.

Both gross and net revenue figures declined to some extent in 1961 and quite substantially in 1962 because of the opening of the second television stations in 1960 and the commencement of the CTV network on October 1, 1961.

Television revenue (gross) was \$36,311,000 in 1960, dropping to \$28,150,000 by 1963 and recovering somewhat to \$30,538,000 in 1965. Radio revenue (gross) amounted to \$2,334,000 in 1965 compared to \$1,851,000 in 1960.

For television and radio combined, net of deductions for payments to private stations and commissions to agencies and networks, commercial revenues amounted to \$24,400,000 in 1965 as compared to \$27,236,000 in 1960.

*Exhibit 5—Analysis of Cost of Production and Distribution—Programs With Advertising and Without Advertising 1960-1965*

This statement provides an analysis of program costs for television and radio separately and combined, divided between sponsored and unsponsored programs and showing in the case of the unsponsored programs the costs of those available for sponsorship and the costs of those not available for sponsorship in accordance with CBC policy. The cost of programs classified as unsponsored but available for sponsorship includes the cost of programs which may not be saleable because of content, limited audience appeal, or the position in the network schedule.

The statement shows that program production and distribution costs increased from \$81,459,000 in 1960 to \$103,822,000 in 1965. Of this increase of about \$22,400,000 in the annual rate of spending, more than \$18,000,000 relates to programs not available for sponsorship and \$4,000,000 to available but unsponsored programs. The cost of sponsored programs remained the same at about \$32,000,000 though in this same period gross advertising revenues declined from \$38,000,000 to \$33,000,000 (see Exhibit 4).

The increase in expenditures on programs not available for sponsorship has resulted to a great extent from expansion of television network schedules into the afternoon and latterly into the morning when CBC management considers it is unlikely to find sponsorship of programs. In addition CBC has increased the number of evening hours devoted to unsponsored programs though management considers that such increase has been kept to a minimum. Further reference to program sponsorship and to the increased cost of unsponsored programs is made in Section 4 of this report.

The statement also shows that of the increase of \$22,400,000 in costs, about \$18,000,000 pertains to television and \$4,400,000 to radio.

#### 4. CAPITAL EXPENDITURES 1960-1965

A summary of capital expenditures by the Corporation year by year from 1960 to 1965 is given on Exhibit 6. The expenditures during the six year period totalled \$45,199,000. Capital projects on which moneys were spent during this period included the following:

1. Network delay facilities at Calgary and Winnipeg.
2. Television mobile units, videotape equipment and telecine equipment.
3. Extension of television facilities at Montreal and Toronto.
4. Power increases and frequency changes.
5. Modification to transmitters, studios and utility booths.
6. Acquisition of land and engineering costs incurred in connection with consolidation of facilities at Montreal and Toronto.
7. Construction of additional radio low power relay transmitters and television network feed and re-broadcasting stations.
8. Twelve new radio stations including English language stations at Fredericton, Calgary and Saint John and a French language station at Ottawa.
9. Six new television stations including English language stations at St. John's and Edmonton and a French language station at Quebec City.
10. New head office building at Ottawa.
11. Extension of the Northern Service.

5. BALANCE SHEET—MARCH 31, 1965

Following is a balance sheet of the Corporation as at March 31, 1965:  
 (thousands of dollars)

Current Assets:

Cash and Government of Canada Bonds .....	\$ 3,168
Accounts receivable and other current items .....	4,397
Engineering and production supplies .....	1,732
Programs completed and in process of production	5,249
Film and script rights .....	1,845
 Total current assets .....	 \$ 16,391
Deduct: Accounts payable and accrued liabilities .....	7,391
 Working Capital .....	 9,000
 Capital Assets:	
Land and buildings .....	32,461
Technical equipment .....	43,992
Furnishings and equipment .....	4,137
Other .....	976
 81,566	
Less: accumulated depreciation .....	36,209
 45,357	
Unexpended balance of Government loans for capital .....	832
 46,189	
 \$ 55,189	
 Representing:	
Government loans to finance capital expenditures	\$ 14,250
Proprietor's equity .....	40,939
 \$ 55,189	

The working capital of CBC was fixed at \$6,000,000 by the Broadcasting Act 1958 with a further sum of \$3,000,000 added in 1961 by vote under the Appropriation Act. The working capital remains constant from year to year as unexpended grants are refunded to the Government.

As indicated in the footnote to Exhibit 1, in the year ended March 31, 1965, the Government changed its method of financing the Corporation's capital expenditures. Instead of making grants for the purpose, it reverted to the financing of expenditures by loans, a method which had been followed some years ago. The loans bear interest and the principal is repayable in instalments over a twenty-year period.

**2. FINANCIAL STATEMENTS (EXHIBITS 1-6)**

**CANADIAN BROADCASTING CORPORATION**

**FUNDS PROVIDED BY PARLIAMENT—YEARS ENDED MARCH 31, 1960 TO 1965**

(thousands of dollars)

	<i>1960</i>	<i>1961</i>	<i>1962</i>	<i>1963</i>	<i>1964</i>	<i>1965</i>
<b>Grants</b>						
For operations (see Notes).....	\$ 52,300	\$ 59,289	\$ 70,252	\$ 72,655	\$ 78,377	\$ 85,869
For capital expenditures (Exhibit 6).....	6,260	5,619	6,462	6,390	7,333	—
For increasing working capital.....	—	3,000	—	—	—	—
<b>Loans</b>						
For capital expenditures (Note 2).....	—	—	—	—	—	14,250
Total.....	<u>\$ 58,560</u>	<u>\$ 67,908</u>	<u>\$ 76,714</u>	<u>\$ 79,045</u>	<u>\$ 85,710</u>	<u>\$100,119</u>
<b>Notes:</b>						
1. Net cost of operations (Exhibit 2).....	\$ 55,476	\$ 62,865	\$ 74,291	\$ 76,964	\$ 82,448	\$ 90,391
Less: Depreciation included therein.....	3,176	3,576	4,039	4,309	4,071	4,522
Provided by Parliamentary Grants.....	<u>\$ 52,300</u>	<u>\$ 59,289</u>	<u>\$ 70,252</u>	<u>\$ 72,655</u>	<u>\$ 78,377</u>	<u>\$ 85,869</u>

2. In the year ended March 31, 1965 the Government changed its method of providing funds to the Corporation for capital. Instead of making grants for capital expenditures the Government has made loans on which interest is payable and repayments of capital are required in equal annual instalments over a twenty-year period. The operating costs for the year ended March 31, 1965 include an amount of \$374,000 for interest on Government loans; no capital repayments were due in that year. During the year ended March 31, 1965 loans totalling \$14,250,000 were received of which \$832,000 was unexpended as at March 31, 1965.

## CANADIAN BROADCASTING CORPORATION

*Part I—Exhibit 2*

## STATEMENT OF OPERATIONS—TELEVISION AND RADIO COMBINED—YEARS ENDED MARCH 31, 1960 TO 1965

(thousands of dollars)

	1960	1961	1962	1963	1964	1965
<i>Expenditures</i>						
Cost of production and distribution (Exhibits 3 and 5)....	\$ 81,459	\$ 86,884	\$ 91,787	\$ 92,388	\$ 97,850	\$103,822
Emergency broadcasting.....	—	—	13	283	624	869
Operational supervision and services (Exhibit 3).....	6,878	7,830	8,843	8,427	8,920	10,316
Selling and general administration (Exhibit 3).....	5,703	6,239	6,968	7,268	8,064	8,459
Interest.....	—	—	—	—	—	374
Total.....	<u>94,040</u>	<u>100,953</u>	<u>107,611</u>	<u>108,366</u>	<u>115,458</u>	<u>123,840</u>
<i>Income</i>						
Advertising revenue (gross) (Exhibit 4).....	38,162	37,602	32,910	30,846	32,392	32,872
Miscellaneous.....	402	486	410	556	618	577
Total.....	<u>38,564</u>	<u>38,088</u>	<u>33,320</u>	<u>31,402</u>	<u>33,010</u>	<u>33,449</u>
Net Cost of Operations.....	<u>\$ 55,476</u>	<u>\$ 62,865</u>	<u>\$ 74,291</u>	<u>\$ 76,964</u>	<u>\$ 82,448</u>	<u>\$ 90,391</u>
Pertaining to:						
Television.....	\$ 39,491	\$ 45,480	\$ 55,400	\$ 58,012	\$ 62,748	\$ 68,453
Radio.....	15,985	17,385	18,891	18,952	19,700	21,938
	<u>\$ 55,476</u>	<u>\$ 62,865</u>	<u>\$ 74,291</u>	<u>\$ 76,964</u>	<u>\$ 82,448</u>	<u>\$ 90,391</u>

## CANADIAN BROADCASTING CORPORATION

## Part I—Exhibit 3

DETAILS OF EXPENDITURES—YEARS ENDED MARCH 31, 1960 TO 1965  
(thousands of dollars)

	1960	1961	1962	1963	1964	1965
<i>Cost of Production and Distribution</i>						
Television						
Cost of programs.....	\$ 46,345	\$ 50,380	\$ 54,369	\$ 55,646	\$ 60,081	\$ 63,881
Network distribution.....	7,129	6,981	7,569	7,716	8,117	8,360
Station transmission.....	1,708	2,302	2,444	2,584	2,914	3,276
Payments to private stations.....	5,227	5,109	4,651	4,090	4,636	4,570
Commissions to agencies and networks.....	5,337	4,924	4,337	3,565	3,504	3,472
Total.....	<u>65,646</u>	<u>69,696</u>	<u>73,370</u>	<u>73,601</u>	<u>79,252</u>	<u>83,559</u>
Radio						
Cost of programs.....	11,983	13,093	13,992	14,339	14,307	15,738
Network distribution.....	2,165	2,327	2,493	2,430	2,206	2,367
Station transmission.....	1,303	1,334	1,449	1,446	1,493	1,728
Payments to private stations.....	107	170	200	245	292	183
Commissions to agencies and networks.....	255	264	283	307	300	247
Total.....	<u>15,813</u>	<u>17,188</u>	<u>18,417</u>	<u>18,787</u>	<u>18,598</u>	<u>20,263</u>
Television and Radio Combined						
Cost of programs.....	58,328	63,473	68,361	70,005	74,388	79,619
Network distribution.....	9,194	9,308	10,062	10,146	10,323	10,727
Station transmission.....	3,011	3,636	3,893	4,030	4,407	5,004
Payments to private stations.....	5,334	5,279	4,851	4,335	4,928	4,753
Commissions to agencies and networks.....	5,592	5,188	4,620	3,812	3,804	3,719
Total.....	<u>\$ 81,459</u>	<u>\$ 86,884</u>	<u>\$ 91,787</u>	<u>\$ 92,388</u>	<u>\$ 97,380</u>	<u>\$ 103,822</u>
<i>Operational Supervision and Services</i>						
Program.....	\$ 2,354	\$ 2,806	\$ 3,276	\$ 2,985	\$ 3,277	\$ 4,213
Administrative.....	2,726	3,098	3,460	3,429	3,551	3,871
General.....	1,798	1,926	2,107	2,013	2,092	2,222
Total.....	<u>\$ 6,878</u>	<u>\$ 7,830</u>	<u>\$ 8,843</u>	<u>\$ 8,427</u>	<u>\$ 8,820</u>	<u>\$ 10,316</u>
<i>Selling and General Administration</i>						
Selling expenses.....	\$ 1,232	\$ 1,356	\$ 1,541	\$ 1,647	\$ 1,800	\$ 1,999
Engineering and development.....	1,051	900	943	1,080	1,102	1,129
Management and central services.....	3,420	3,983	4,484	4,541	5,162	5,331
Total.....	<u>\$ 5,703</u>	<u>\$ 6,239</u>	<u>\$ 6,968</u>	<u>\$ 7,268</u>	<u>\$ 8,064</u>	<u>\$ 8,459</u>

## CANADIAN BROADCASTING CORPORATION

DETAILS OF ADVERTISING REVENUE—YEARS ENDED MARCH 31, 1960 TO 1965  
(thousands of dollars)

	1960	1961	1962	1963	1964	1965
<i>Advertising Revenue (Gross)</i>						
Television						
Network sales .....	\$ 14,692	\$ 14,013	\$ 12,557	\$ 10,974	\$ 11,768	\$ 11,996
National sales .....	7,873	8,159	6,641	6,456	6,763	6,963
Local sales .....	13,746	13,241	11,150	10,720	11,142	641
Billings to sponsors for broadcasting facilities and programing .....	<u>36,311</u>	<u>35,413</u>	<u>30,348</u>	<u>28,150</u>	<u>29,673</u>	<u>10,938</u>
Total .....						<u>30,538</u>
Radio						
Network sales .....	581	779	840	986	1,004	797
National sales .....	1,036	1,163	1,369	1,341	1,366	895
Local sales .....	234	247	353	369	349	390
Billings to sponsors for broadcasting facilities and programing .....	<u>1,851</u>	<u>2,189</u>	<u>2,562</u>	<u>2,696</u>	<u>2,719</u>	<u>252</u>
Total .....						<u>2,334</u>
Television and Radio Combined						
Network sales .....	15,273	14,792	13,397	11,960	12,772	12,793
National sales .....	8,909	9,322	8,010	7,797	8,129	7,858
Local sales .....	13,980	13,488	11,503	11,089	11,491	11,190
Billings to sponsors for broadcasting facilities and programing .....	<u>\$ 38,162</u>	<u>\$ 37,602</u>	<u>\$ 32,910</u>	<u>\$ 30,846</u>	<u>\$ 33,392</u>	<u>\$ 32,872</u>
Total .....						
<i>Advertising Revenue (Net)</i>						
Television						
Gross (as above) .....	\$ 36,311	\$ 35,413	\$ 30,348	\$ 28,150	\$ 29,673	\$ 30,538
Less : Payments to private stations and commissions to agencies and networks .....	10,564	10,033	8,988	7,655	8,140	8,042
Total .....						<u>22,496</u>
Radio						
Gross (as above) .....	25,747	25,380	21,360	20,495	21,533	
Less : Payments to private stations and commissions to agencies and networks .....						
Total .....						
Television and Radio Combined						
Gross (as above) .....	1,851	2,189	2,562	2,696	2,719	2,334
Less : Payments to private stations and commissions to agencies and networks .....	362	434	483	552	592	430
Total .....						
Net .....						
Television						
Gross (as above) .....	1,489	1,755	2,079	2,144	2,127	1,904
Less : Payments to private stations and commissions to agencies and networks .....						
Total .....						
Net .....						

*Part I—Exhibit 5*

CANADIAN BROADCASTING CORPORATION  
ANALYSIS OF COST OF PRODUCTION AND DISTRIBUTION PROGRAMS WITH ADVERTISING AND WITHOUT ADVERTISING  
YEARS ENDED MARCH 31, 1960 TO 1965  
(thousands of dollars)

	1960	1961	1962	1963	1964	1965
<i>Television and Radio Combined</i>						
Programs with Advertising						
Cost of programs	\$ 18,465	\$ 19,390	\$ 17,711	\$ 17,512	\$ 20,597	\$ 20,404
Network distribution	2,229	2,122	2,048	2,180	2,321	2,294
Station transmission	962	978	893	903	1,221	1,148
Payments to private stations	5,333	5,279	4,851	4,335	4,927	4,753
Commissions to agencies and networks	5,592	5,187	4,620	3,872	3,804	3,719
Total	<u>32,581</u>	<u>32,956</u>	<u>30,123</u>	<u>28,802</u>	<u>32,870</u>	<u>32,318</u>
Programs without Advertising						
Available for Sponsorship						
Cost of Programs	19,630	21,464	24,113	22,526	22,108	23,001
Network distribution	2,171	2,302	2,754	2,788	2,527	2,606
Station transmission	826	1,136	1,244	1,199	1,148	1,328
Total	<u>22,627</u>	<u>24,902</u>	<u>28,111</u>	<u>26,513</u>	<u>25,783</u>	<u>26,935</u>
Programs without Advertising						
Not Available for Sponsorship						
Cost of Programs	20,235	22,619	26,537	29,967	31,684	36,214
Network distribution	4,193	4,885	5,200	5,178	5,475	5,827
Station transmission	1,223	1,222	1,036	1,928	2,038	2,528
Total	<u>26,251</u>	<u>29,026</u>	<u>33,553</u>	<u>37,073</u>	<u>39,197</u>	<u>44,569</u>
Total Cost of Production and Distribution	<u>\$ 81,459</u>	<u>\$ 86,884</u>	<u>\$ 91,787</u>	<u>\$ 92,388</u>	<u>\$ 97,850</u>	<u>\$ 103,822</u>
<i>Television</i>						
Programs with advertising						
Programs without advertising—						
available for sponsorship	\$ 30,708	\$ 30,768	\$ 27,811	\$ 26,194	\$ 29,760	\$ 29,736
Programs without advertising—						
not available for sponsorship	19,148	21,692	24,839	22,956	22,948	23,754
Programs without advertising—						
not available for sponsorship	15,790	17,236	20,660	24,451	26,544	30,069
Total	<u>65,646</u>	<u>69,696</u>	<u>73,370</u>	<u>73,601</u>	<u>79,252</u>	<u>83,559</u>
<i>Radio</i>						
Programs with advertising						
Programs without advertising—						
available for sponsorship	1,873	2,188	2,252	2,608	3,110	2,582
Programs without advertising—						
not available for sponsorship	3,479	3,210	3,272	3,557	2,835	3,181
Programs without advertising—						
not available for sponsorship	10,461	11,790	12,893	12,622	12,653	14,500
Total	<u>15,313</u>	<u>17,188</u>	<u>18,417</u>	<u>18,787</u>	<u>18,598</u>	<u>20,263</u>
Total Cost of Production and Distribution	<u>\$ 81,459</u>	<u>\$ 86,884</u>	<u>\$ 91,787</u>	<u>\$ 92,388</u>	<u>\$ 97,850</u>	<u>\$ 103,822</u>

*Part I—Exhibit 6*

CANADIAN BROADCASTING CORPORATION  
CAPITAL EXPENDITURES—YEARS ENDED MARCH 31, 1960 TO 1965  
(thousands of dollars)

	1960	1961	1962	1963	1964	1965
New television and radio stations and other expenditures designed to extend coverage.....	\$ 1,228	\$ 1,476	\$ 2,470	\$ 2,195	\$ 1,742	\$ 6,204
Other expenditures on plant and equipment.....	4,393	3,783	2,873	2,262	3,585	3,850
Acquisition of land and engineering costs incurred in connection with consolidation of facilities at Toronto and Montreal and other consolidation costs.....	639	325	793	612	350	3,213
Head Office building.....	—	—	78	1,321	1,656	151
	<u>\$ 6,260</u>	<u>\$ 5,584</u>	<u>\$ 6,214</u>	<u>\$ 6,390</u>	<u>\$ 7,333</u>	<u>\$ 13,418</u>

### 3. TELEVISION PROGRAM COSTS 1964

At our request CBC compiled, from information available for the year ended March 31, 1964, a summary analysis of television program costs by category of subject matter and by language of broadcast. Complete information on program category was not available for films so that the classification by content covers only live programs.

While CBC management believes that a reasonable degree of standardization was achieved in the classification of programs in the year 1964, they are quite certain that prior to that time there were inconsistencies in classification between regions and between years, and accordingly information for prior years is not available in suitable form for comparative purposes. A similar classification for the year ended March 31, 1965 was not available at the time of writing of this report.

The total cost figures in the analysis can not be readily identified on the financial statements of CBC. These figures can be reconciled, in total, as follows:

Costs per program cost analysis summary which follows .....	\$71,104,000
Special programs including coverage of elections not forming part of the analysis .....	815,000
	<hr/>
	\$71,919,000
	<hr/>

Television expenditures for 1964 shown on Exhibit 3  
of section 2 of this part of the report:

Cost of programs .....	\$60,081,000
Network distribution .....	8,117,000
Station transmission .....	2,914,000
	<hr/>
	71,112,000
Selling expenses included in program costs less certain other costs not so included .....	807,000
	<hr/>
	\$71,919,000
	<hr/>

Following is the program cost analysis for the year ended March 31, 1964, as prepared by CBC.

	English	French	Total
	(thousands of dollars)		
Live, including videotape:			
News .....	\$ 4,421	\$ 1,367	\$ 5,788
Talks and Public Affairs .....	4,442	1,805	6,247
Sports .....	1,976	973	2,949
Children's and Educational .....	3,953	5,742	9,695
Variety .....	6,432	2,682	9,114
Drama .....	1,856	2,621	4,477
Music .....	47	704	751
Specials (Festival, Camera Canada, etc.)	2,274	49	2,323
Other .....	2,247	1,669	3,916
	<hr/>	<hr/>	<hr/>
	27,648	17,612	45,260

	<i>English</i>	<i>French</i>	<i>Total</i>
	(thousands of dollars)		
Film (information not available			
as to program category) .....	5,468	3,938	9,406
Other production costs .....	1,264	682	1,946
Distribution and other network costs ....	8,276	2,433	10,709
Transmission and other local costs .....	2,799	984	3,783
	<hr/>	<hr/>	<hr/>
	\$45,455	\$25,649	\$71,104
	<hr/>	<hr/>	<hr/>

NOTES:

(1) Live program costs include talent, script and other costs incurred for a specific program, together with charges for use of facilities, stagehands, cameramen, staging, design, etc., including a share of depreciation and supervision.

(2) Film costs represent cost of film rentals or rights and the related editing costs.

(3) Other production costs include the cost of producing commercial messages, adjustments of labour and overhead rates, cost of auditions and dry runs, the film procurement and purchasing function, network program supervisors.

(4) Distribution and other network costs include the cost of the microwave system, films and kinerecordings to extend the network programing to non-connected stations or to provide for time delays, a share of selling and commercial acceptance costs, network managers.

(5) Transmission and other local costs include supervision of the local stations, the transmitter and related costs and a share of selling expenses.

#### 4. COMMERCIAL ACTIVITIES

##### 1. INTRODUCTION

In fulfilling its mandate to provide a national broadcasting service, presumably the Canadian Broadcasting Corporation has a responsibility for doing so at the lowest possible cost commensurate with the provision of satisfactory programs and reasonable population coverage. To the extent that the Corporation is able to generate income through its commercial activities, the call on the Government for support is reduced. If the Corporation is going to be in the commercial field (and there seems to be no good reason why it should not be) it should carry out these activities aggressively and efficiently.

We reviewed the operations of the commercial departments of CBC and came to the conclusion that more revenues could be raised from commercial sources without overdoing the commercial aspect of its broadcasting. Before dealing with our review and the recommendations which we have to offer, we should make reference to the environment in which the activities are carried out, including CBC management's philosophy on commercial operations.

On June 1, 1964, the CBC Sales Policy and Planning Department issued an internal information report entitled "The Commercial Activities of the Networks and Stations of the Canadian Broadcasting Corporation—1936-1964". The opening paragraphs contained in the foreword to this document are sufficiently important to justify inclusion in their entirety in this report:

"The CBC is a Crown Corporation—a non-profit, public service organization, with a mandate to provide a national broadcasting service—a complete and basically Canadian service—it has been doing that job (first in radio, then in television) for well-nigh 28 years.

While it is primarily a service rather than a business, the CBC has come to be one of Canada's major advertising vehicles. Uniquely, it provides a national broadcasting service in which commercial broadcasting is an important component.

Over the years, the commercial activities of the Corporation have grown to the point where to-day its gross annual billings for radio and television advertising are in excess of \$30,000,000. Annual net revenue from its commercial operation is better than \$22,000,000 and yet, impressive though these figures are, the fact remains that the CBC's only purpose—its one business—is to serve the Canadian public. While its commercial activities are extensive and important, they are merely a contributing means to that end.

It should be pointed out that, from the very beginning, the Corporation's commercial activities have been carried out under self-imposed limitations. Certain types of programs, readily saleable, have been withheld from sponsorship (e.g., CBC News, CBC Farm Broadcasts). Time has not been sold for religious broadcasts, consumer information programs or broadcasts on matters of opinion or controversy. Advertising for certain types of advertisers and for certain specific products has been refused. Advertising material for broadcast over CBC networks and stations has had to meet the Corporation's standard of acceptance.

With respect to these restrictive policies, suffice it here to mention them in general terms and to add that, although policy restrictions do exist, the Corporation's commercial activity is no mere side-line. It is not only an *important* part but, in fact, an essential part of CBC operations...."

While this memorandum clearly expresses CBC's view that the program service must be its first consideration, it also acknowledges the fact that commercial broadcasting is an important component of the national broadcasting service—"no mere side-line". In this connection we were surprised to find in the minutes of a meeting of the Board of Directors of CBC of September 4-6, 1963, in reference to certain agreements reached between CBC, the Board of Broadcast Governors and the Canadian Association of Broadcasters, mention of the possibility of CBC's gradual contraction in the commercial field without complete withdrawal—this has been referred to by CBC senior management as a statement of Corporation policy in terms of the public interest in CBC television.

Revenues from commercial sales amounted to \$24,400,000 in the year ended March 31, 1965, of which \$22,500,000 was from television sales and \$1,900,000 from radio sales. These are net figures after deducting commissions to advertising agencies, allowances to networks and substantial payments to affiliated private stations. In the five year financial forecast which CBC submitted to Treasury Board for the years 1966 to 1970, net commercial revenues were established at \$25,000,000 for each year and the following comments appear in the submission supporting the forecast:

"Although the approval of program policies will bring about a decrease in commercial revenues particularly in radio through a gradual withdrawal from commercial advertising except for major events, it is proposed to offset these decreases by maximizing television revenues during daytime operations together with normal rate increases."

From the foregoing it would appear that the CBC will be satisfied if it maintains its current level of revenues from commercial sources. It hopes to make up for its proposed withdrawal from radio advertising and a reduction in television advertising in the evening hours by increasing revenues from sale of daytime programs and by "normal rate increases". Senior management of the Corporation seems to find the commercial activities almost abhorrent—we get the impression that they would like to be out of them completely even though they have expressed agreement with our

contention that good programing is not incompatible with commercial requirements provided the commitment to commercial activities is not too heavy.

An important factor in the commercial operations is, of course, the programs themselves, their content and scheduling, which together with pricing and forces of competition determine their saleability. According to CBC, many Canadian advertisers prefer to buy U.S. programing at minimum cost rather than sponsor Canadian productions; we suggest this would be particularly so if the Canadian productions have relatively limited audience appeal. Canadian television faces keen competition from audiences from stations in the United States, since many of our major population centers are close to the U.S. and receive programs and advertising from U.S. stations. Added to these considerations is the CBC belief that, because of its responsibilities to viewers in every part of the country and to affiliated stations, it must endeavour to sell complete networks, English and French, in television. All these factors emphasize the need for good programing but they also point up the necessity for a well-directed and efficiently operated sales effort.

A study made for the Canadian Association of Broadcasters in 1963 and one by the CBC in 1964 have indicated that there will be a continued growth in the demand for television advertising. Under these circumstances it seems reasonable that CBC should anticipate and endeavour to bring about an increase in its commercial revenues. Failure to do this would indicate acceptance of a declining share of the available market despite the pre-eminent position occupied by CBC in the broadcasting field in Canada. It is questionable whether private stations will be able to fill the growing needs of advertisers without completely jeopardizing their program content and standards. Indeed it seems entirely possible that a reduction of the commercial activities of the CBC in the face of these increases in demand could result in a lowering of the quality of television programing. Further, it could result in an increase in Canadian advertising on U.S. border stations and even in the development of new "pirate" stations along the border.

## 2. COMMERCIAL PERFORMANCE

In Canada expenditures on advertising have grown very substantially in recent years and the proportion of total advertising dollars going to the broadcasting media has risen sharply, from 10.6% in 1951 to an estimated 23% in 1964—all of the increase in the broadcasting media was in television, radio advertising having gone down slightly in the period.

In 1951, CBC's share of radio advertising in Canada was about 11%; today it is only 4% and it would appear that CBC's plan is to abandon the field entirely over a six year period. This will result in a loss of revenue of some \$1,900,000 a year.

Before the advent in 1960 of second television stations in major cities in which CBC operates and the establishment in 1961 of the CTV network, CBC received some 55% of the total revenue from television advertising in Canada. Since that time however CBC has experienced a drop in its television advertising revenue and of course in its share of the market as well. CBC's net revenue from television advertising was \$25,747,000 (a 52% share) in 1960, \$20,495,000 (a 30% share) in 1963 and \$22,496,000 (a 28% share) in 1965.

For a number of years CBC has compiled an analysis of its production and distribution costs between programs with advertising and programs without advertising but only since 1963 does it consider that a uniform classification has been attained. The following figures are interesting nevertheless:

### TELEVISION PROGRAM COSTS

	1960		1963		1965	
	Amount	%	Amount	%	Amount	%
(millions of dollars)						
Programs with advertising	\$30.7	47%	\$26.2	36%	\$29.7	36%
Programs without advertising— available for sponsorship	19.1	29	23.0	31	23.8	28
	49.8	76	49.2	67	53.5	64
Programs not available for sponsorship	15.8	24	24.4	33	30.1	36
	\$65.6	100%	\$73.6	100%	\$83.6	100%
	=====	=====	=====	=====	=====	=====

The most significant features of this table are the extent to which increased expenditures on programs have been devoted to those not considered by CBC as being available for sponsorship and the decline in the proportion of total expenditures on programs available for sale. According to CBC management these developments result largely from expansion of network schedules first into the afternoon and latterly into the morning "to accommodate school broadcasting, pre-school children's programming and afternoon women's programming in a more acceptable fashion. Thus the Corporation is spending increased amounts of money on programming at times of the day which makes it unlikely to win sponsorship or produce revenue." Another factor is an increase in evening hours devoted to unsponsored programs although CBC claims this has been kept to a minimum.

While expenditures on television far exceed those on radio, the costs of radio operations are substantial nevertheless. The following table provides the same information on radio costs as the previous table provided for television and it is subject to the same qualification insofar as comparability of the year 1960 is concerned.

### RADIO PROGRAM COSTS

	1960		1963		1965	
	Amount	%	Amount	%	Amount	%
(millions of dollars)						
Programs with advertising	\$ 1.9	12%	\$ 2.6	14%	\$ 2.6	13%
Programs without advertising— available for sponsorship	3.5	22	3.6	19	3.2	16
	5.4	34	6.2	33	5.8	29
Programs not available for sponsorship	10.4	66	12.6	67	14.5	71
	\$15.8	100%	\$18.8	100%	\$20.3	100%
	=====	=====	=====	=====	=====	=====

From this table it will be observed that radio expenditures have risen quite materially in the last few years and that most of the increase has been for programs not available for sponsorship.

So while costs of both television and radio programming have been rising, the CBC's commercial revenue has declined. We suggest that this should be cause for

management concern even though we appreciate the fact that most of the decrease in revenues followed the opening of the second television stations and the establishment of the CTV network.

### 3. PROGRAMING, AUDIENCE RESEARCH AND COMMERCIAL ACCEPTANCE

While the CBC's prime concern in programing must be to provide its viewers and listeners with a satisfactory program fare and not to concentrate on saleability, we believe that more attention could be devoted to saleability without the Corporation being accused of failing to fulfill its mandate. Though we did not attempt to perform an assessment of the CBC program fare, nor were we requested to do so, we have formed some opinions on it on the basis of discussions with various CBC executives and other staff members having responsibilities for programing and commercial activities, and of course we are reasonably familiar with many CBC programs.

Following are some thoughts and suggestions regarding CBC programing which could have a bearing on commercial revenues:

1. Better use of the Corporation's Audience Research Department would disclose selected audiences for whom programs could be designed and marketed. It should be quite possible to sell advertising time in the afternoon hours based on audience composition and its suitability for certain advertisers.
2. In many of the actions and statements of CBC and in its general attitude, there seems to be an assumption that "really worthwhile programs" can not and perhaps even should not be sold. We suggest this assumption warrants further investigation even though CBC claims to have had poor results from past efforts to tailor some of these types of programs to the needs of advertisers and agencies.
3. The commercial acceptance policies of the Corporation preclude the acceptance of advertising for certain specific products and for certain types of advertisers. On the other hand, the Corporation will broadcast programs which deal with subjects more likely to offend conventional taste than the advertisements would. We believe that CBC should make an objective review of its commercial acceptance policy. Possibly the standards established by the Board of Broadcast Governors for broadcasting in Canada should be raised to a point between their present level and the existing CBC level and CBC could adjust its acceptance policies accordingly.

Another important matter relating to programing and having commercial implications is that CBC's television schedule for the season is made up very late. This is partly because it can not be finalized until budgets have been approved (on the basis of a March 31st year end) and partly because the final schedule depends, to some extent, on the details of U.S. network schedules. Every effort should be made to have CBC annual television program schedules finalized earlier in the year than at the present time.

Finally, there seems to be little knowledge as to how the Canadian people feel about commercial broadcasting. It seems to be generally assumed that advertising is annoying or distasteful to viewers. A study carried out by the CBC\* indicated that interruptions during programs and repetitiveness of commercials were indeed the most frequently mentioned criticisms. This was true for both CBC and private television stations. But this same study showed that 78% of the people questioned would prefer to suffer the commercials than to pay more for CBC programs than they are already paying through taxes.

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\* "What the Canadian Public Thinks of the CBC", CBC Research Report to Management, February 1963.

#### 4. CORPORATE DIRECTION, SALES ORGANIZATION AND PROMOTION

At the present time the commercial activities of the Corporation are closely intertwined with programing as evidenced by the fact that the sales departments in the organization report to the programing directors, and the sales policy and planning department is the responsibility of the Vice-President, Programing. Apparently, the deputy heads of the operating divisions at Toronto and Montreal and the directors of regions all have a responsibility for sales as do the General Managers of the three operating divisions; in all cases the sales responsibility is in addition to programing and other aspects of CBC operations.

At several different levels of the organization there are individuals with sales responsibilities operating without a clear definition of their duties. Despite the awkwardness of this situation the sales operation is being conducted reasonably smoothly though in our opinion it is not producing all the results it should.

Commercial activities constitute an important part of the Corporation's operations, in 1965 producing more than \$24,400,000 of net revenue from gross sales of \$32,900,000, a substantial contribution towards the year's operating costs of \$123,800,000.

In view of the magnitude of the commercial activities it is surprising to discover that no one person has prime responsibility for directing and co-ordinating them.

Television sales account for over 90% of the net advertising revenues of the CBC. In 1965, 61% of the revenue from the sale of time was derived from network sales, 36% from national advertisers using selective facilities, and 3% from local selective or spot sales. All network and national selective sales, accounting for over 98% of total sales, are made by the sales groups in Toronto and Montreal, because this is where the major national advertisers or their agencies are located.

Since the advent of television, the character and role of radio has changed quite materially. Private radio stations have adapted themselves to the new situation by developing distinctive characteristics and by providing programs to appeal to specific segments of the population. In the United States both CBS and NBC made major changes in network programing during the past few years and as a result they have substantially trimmed network program costs and overhead by reducing the number of network program hours to about one-half the former level and by changing the program format. Radio has become a local or, at most, a regional communications medium, and, in a way, the CBC radio network is an anachronism.

We are of the opinion:

1. That the sales function should be represented at the corporate level by a Vice-President—Sales or a General Sales Manager having complete responsibility for and authority to direct the sales activities of the Corporation.
2. That close co-ordination of the sales and programing activities should be continued, but programing executives should have no functional responsibility for sales.
3. That the activities of the network, national selective and local sales groups should be reorganized to provide clearly defined lines of responsibility and authority.
4. That responsibility for radio advertising sales and for television advertising sales should be separated at a higher level in the organization than at the present time.

The amount of advertising and sales promotion carried out for sales purposes in the CBC is too small to be effective. If the Corporation is to sell more television programs out of conventional prime time, it must be prepared to back up its sales force with effective sales promotion and advertising. Therefore, it is considered that there is a need for the development of an advertising and sales promotion group at

the corporate level to plan and co-ordinate these activities and to integrate them into more effective marketing plans. This group would be on the staff of the senior sales executive.

Selling costs appear reasonable in relation to revenue; if they were increased in the right way revenue improvement would probably follow.

We have a number of suggestions to offer to provide for a strengthening of the sales force and improvement in its operations:

1. Present remuneration scales should be reviewed. It is essential to attract good salesmen and current scales have made it difficult to attract men of the required calibre and experience.
2. Salesmen should be given specific targets and attractive incentives.
3. Salesmen and field managers should be provided with appropriate selling aids.
4. Salesmen should receive better guidance and training.

#### 5. EXPORT SALES

There is an evident lack of consistent effort to sell CBC television programs outside of Canada. We suggest that a more vigorous effort should be made to sell programs abroad. Distribution of programs depicting the Canadian way of life might be arranged in co-operation with the Department of External Affairs.

#### 6. CONCLUSION

If CBC is to remain in the commercial field it should adopt a positive commercial policy and conduct its business according to modern methods of marketing and selling. It is considered that with a clearer definition of commercial policy some organizational changes, particularly the appointment of a Vice-President—Sales or General Sales Manager at the corporate level, and the adoption of a more aggressive sales approach, CBC could increase its commercial revenues quite substantially. Full exploitation of the opportunities available to increase revenues will require some change in outlook on commercial sales on the part of senior management.

### 5. FINANCIAL ADMINISTRATION

#### A. Accounting System, Forecasts and Budgetary Controls

##### 1. INTRODUCTION

An independent review of the financial administration, including the accounting system and the budgetary controls, of any organization of the magnitude and complexity of Canadian Broadcasting Corporation is almost certain to disclose some weaknesses, some areas in which improvements could be made. Our review of CBC proved to be no exception in this regard.

Before commenting on particular parts of the Corporation's financial administration we consider it appropriate to state that very substantial improvement has taken place in the accounting records and financial administration of CBC since 1956 when the situation was reviewed by the Royal Commission on Broadcasting. The President now has a senior financial executive on whom he can depend for guidance and advice on financial matters, a situation which did not exist in 1956.

When we discussed our review with management of CBC, they expressed concern that a reading of our report might create the impression that the whole system is poor, which is not the case. There is nothing basically wrong with the Corporation's accounting system. Proper records of transactions appear to be maintained, income is collected, expenses are paid, and useful financial statements are prepared. There is opportunity for improvement in the financial recording and reporting nevertheless.

CBC management also states that a number of the improvements we are recommending have been under consideration for some time and they will probably require further study before decisions are reached on whether or not they should be adopted. As a matter of fact a few of the suggestions we are making have been adopted by CBC since the time of our review. While we recognize the fact that some of our recommendations will require considerable study by CBC before adoption and they will take some time to implement, every effort should be made to expedite the process. CBC financial management has expressed the belief that some of the problems to which we are referring will be more easily solved now as a result of organizational changes which have recently taken place in the Corporation.

Some of the weaknesses to which we are drawing attention are considered to be fairly serious, others are not, none has proved fatal as evidenced by the fact that CBC is carrying on its operations year after year without exceeding the budgeted expenditures authorized by Parliament. From our observations it will be noted however that some unnecessary work is being done, that other work could be done in a better way and that the financial controls could be improved.

## 2. OPERATING FUNDS

### (a) *Five Year Forecasts*

At the present time CBC forecasts its operating requirements on the basis of an annually updated five-year plan, a relatively new procedure. The first long term forecast since the one covering the years 1958 to 1963 compiled for the Royal Commission on Broadcasting was prepared for the fiscal years 1965 to 1969 and it has recently been updated for the years 1966 to 1970. Because the updating scheme is new, no procedures have been formally established for it but the subject is under study at present.

### (b) *Annual Budget*

Each year, generally in November or December, CBC is required to submit to Treasury Board estimates of operating requirements for the ensuing fiscal year. In compiling these estimates CBC uses the anticipated operating results of the current year as a base, adjusts them for known increases and decreases, adds the estimated operating costs of new or expanded facilities and programming, and in this way determines the requirements for the next year. The Treasury Board review usually results in some lesser amount than requested by CBC being included in the estimates for approval by the Government. The various regional offices submit their requirements using guidelines provided by head office. The guidelines are designed to keep the total Corporate requirement within the appropriation approved by the Government but it is not the policy to give target figures to the various regions to assist them in their estimating. The regional budgets are subject to head office review.

### (c) *Budgetary Control Procedures and Financial Reporting*

We reviewed the budgetary control procedures followed by CBC. This involved a study of the financial reporting procedures and some parts of the accounting system.

The accounts of the Corporation are decentralized, consolidation of the regional results being carried out at head office. We do not consider that there would be any value in outlining in this report the systems and procedures followed by CBC but relevant information about them is included in our recommendations which follow.

The Corporation's budgetary control system is very elaborate but with a few exceptions it is not related to responsibility, that is to say the system does not in all respects provide for an allocation of budget amounts to departments or persons having the control over and responsibility for the items of expense or income involved. The theory of responsibility reporting has been accepted by CBC for some time and some progress is being made in introducing the system in the Corporation. A lot of work is required at the regional level in the preparation of station and network budgets

and duplication of effort occurs because these budgets are reworked after review by head office. The budget year of CBC has been made to correspond with its fiscal year, that is April 1 to March 31. This period does not correspond to the normal telecast year and as a result budget preparation is more complicated than it would be if the Corporation year end was say August 31 or September 30.

We are commenting separately on television program cost control and data processing in parts B and C of this section of our report.

(d) *Recommendations*

To improve operating budget procedures we recommend:

1. That serious effort be made to expedite completion of the budget manual which is in process of preparation at the present time.
2. That the fiscal year CBC be changed to correspond with a natural telecast year, say September 1 to August 31, or possibly October 1 to September 30. Even if it does not prove possible to have CBC's fiscal year changed, it is recommended that the budget year be altered to correspond with a natural telecast year, though this might prove awkward under present financing arrangements.
3. That budgets and related reports be confined to responsibility reporting with no further allocation of expenses or revenues. The individual budgets would be summarized in accordance with the organization chart to provide the budget for the whole Corporation. This would not prevent CBC from recording its actual expenditures and revenues in such a way as to provide appropriate details for management and for its annual report. We believe that material cost savings could be effected by establishing in all parts of the Corporation the accountability of management in the performance of its responsibilities; in some parts of the Corporation a responsibility reporting system has already been introduced.

In our visits to New York we found that the management information systems for both Columbia Broadcasting System and National Broadcasting Corporation reported operating results by areas of responsibility and only that information which is pertinent to the responsibilities of the person receiving the reports is included in the statements given to him.

4. That the regional budgets be approved on an annual basis rather than quarterly, and that such budgets provide for all regional expenditures including some items, such as wage increases under union contracts, which are presently provided for at head office. The present method of updating estimates requires a lot of detailed work which could be eliminated if forecasts were updated quarterly, not in detail but by applying appropriate factors to broad categories or objects of expenditure.
5. That as the inventory of television programs at the regions fluctuates materially from the amounts forecast, the procedures followed in estimating the inventory levels and the control procedures be thoroughly reviewed.

As a result of our review of the financial reporting procedures and the accounting system, we recommend:

1. That the present absorption cost system be replaced by a system which would show separately the cost of idle capacity. Such a system would make use of standard departmental rates based on a uniform standard capacity established for all locations throughout the entire system. Under the recommended system the cost of a mobile television unit would be charged at the same hourly rate at Edmonton as at Toronto even though the Edmonton unit may only expect to be used a quarter as much as the one at Toronto. Much of the Edmonton costs would be recorded as idle capacity of the

mobile unit. This is only an example to explain the recommendation. It is not intended to suggest that some idle capacity is not inevitable; quite probably it is desirable to have a mobile unit at Edmonton even though it is used relatively little.

2. That the work of standardizing the accounting procedures throughout the Corporation be accelerated and that the existing manuals be replaced by one standard accounting procedures manual.
3. That reporting in all cases be by exception and that adequate follow-up of variances be properly documented.
4. That all monthly information reports presently being prepared by the regional offices for head office use be critically examined and their usefulness assessed. There is no doubt that improvements can be made, for example:
  - (a) The detailed report of outstanding accounts receivable prepared at the regional offices should be replaced by a report on an exception basis so as to include only those accounts which are overdue or which exceed approved credit limits—a list of the current accounts is not really needed at head office.
  - (b) The submission to head office of the voluminous detailed reports by the regions covering travel and duty entertainment should be discontinued because of their cost of preparation and because control over these expenditures should be exercised at the regional level.

### 3. CAPITAL FUNDS

#### (a) *Five-Year Forecast*

CBC forecasts its capital requirements for a period of five years in advance. This forecast is based on broad estimates of costs of projects to be undertaken having regard to general plans for expansion of coverage, for change of program format and for estimated replacements, improvements and modifications to existing facilities.

This forecast is prepared under the direction of the Director of Engineering and Technical Services at engineering headquarters in Montreal. After review and appraisal by the budget section of the comptroller's division, it is presented to management and subsequently to the Board of Directors for approval. The forecast is then forwarded to the Secretary of State and the Minister of Finance for submission to the Governor-in-Council.

#### (b) *Annual Budget*

A capital budget for one year forms a part of the five-year forecast outlined above. After its adoption by the Board of Directors, a summary of the budget is presented to Treasury Board for approval.

It has been the regular practice of Treasury Board to make some reduction in the annual capital budget before approving it.

#### (c) *Budgeting and Reporting Procedures*

We reviewed the methods followed by CBC in budgeting and recording capital expenditures including the procedures followed to obtain approval for capital projects and subsequent follow-up after completion of capital projects.

#### (d) *Recommendations*

We have the following recommendations to offer:

1. That with respect to capital projects:
  - (a) the procedures followed in considering and justifying capital projects be expanded and that more comprehensive investigations be made and recorded;
  - (b) all of the preliminary study be completed and the necessary approvals be obtained at the project proposal stage;

- (c) procedures be established for the post-completion audit, including a revision of the Completion and Acceptance Report to include budget and actual costs and adequate explanations for variances. The report should also provide details of assets being replaced.
- 2. That the Corporation's policies respecting the allocation of expenditures between capital and expense be reviewed and revised to provide that:
  - (a) the minimum charge to a capital asset account be increased to at least \$100 instead of \$50;
  - (b) an operating appropriation be included in each work order to cover the costs of operating supplies included in the capital project and presently charged to capital;
  - (c) the rate of charge to capital projects for administrative overhead be examined regularly to ensure that an appropriate percentage is being used.
- 3. That management instructions be carried out with respect to the charging to the appropriate work order the cost of CBC maintenance crews working on capital projects.

#### *B. Television Program Cost Control*

##### **1. INTRODUCTION**

The largest single item of cost in the operations of CBC is the cost of television programs. As part of our review of the financial administration of CBC we studied the procedures followed in budgeting, controlling and recording television program costs.

Needless to say, the production of a television program is a complex operation which requires much advanced planning, adequate direction and the co-operation of a large number of persons having different skills, different ambitions and different temperaments. Costs vary materially depending on the size and type of production. Most programs are produced as part of a series shown over the telecast schedule.

Yearly and quarterly budgets are prepared on the basis of a broadcast plan, a program production schedule and estimates of the costs of programs or series of programs. The program budget for each quarter represents the total of the individual budgets for programs or series of programs to be produced during the quarter.

##### **2. COST ESTIMATING AND CONTROL**

As individual programs are being planned by the producers, estimates of program costs are compiled by assistants to the producers known as unit managers or unit administrators. These estimates are considered in relation to the program budgets. Estimates for an episode of a series are compared with an appropriate fraction of the budget for the whole series. Producers are allowed some flexibility in producing individual episodes but they must stay within the budget for the whole series so that in reviewing the estimates for a particular episode they must take into consideration programs already produced and those still to come in the series. The estimates are reviewed by the producer with his supervisor and changes are made where necessary.

Program costs are recorded by the accounting department which reports them to the unit managers. The unit managers compare the actual costs with the estimates and it is their responsibility to report deviations to the producers. Some unit managers keep an independent record of costs on a memorandum basis, claiming this to be necessary because of delays in receiving up-to-date information from the accounting department.

Some of the program cost reports were found to be incomplete, for example; Montreal reports were found not to include cumulative variances, except on staging and design costs; Toronto reports do not include budget figures for comparison with actual. There does not appear to be adequate documentation of follow-up of variances between actual costs and estimates of individual television programs.

The responsibilities and authority of unit managers seem to vary between program production centres. At some centres the unit managers have a responsibility for reporting probable over-expenditures on programs to someone in the organization having authority over the producers, at others they do not.

### 3. SITUATION IN THE UNITED STATES

Compared to CBC, the CBS and NBC organizations have relatively few program producers on staff. The majority of programs broadcast by these U.S. networks are produced by independent producers many of whom are under contract with the networks.

The CBS and NBC unit managers who work with the producers and have a responsibility for cost control seem to operate with greater authority and therefore appear to exercise more control than do their counterparts in CBC.

### 4. RECOMMENDATIONS FOR IMPROVEMENT AT CBC

It is considered that some existing duplication in the recording of costs can be eliminated and that control over costs can be improved. We have the following recommendations to offer:

1. The television program cost system should be revised to provide for:
  - (a) Maximum possible standardization of procedures and reports in all departments at all production centres;
  - (b) Elimination of existing duplication of effort in the accumulation of program costs. Some of this duplication will be reduced by the increased use in recording program costs of the Corporation's electronic data processing equipment in Montreal and Toronto;
  - (c) Timely reporting of actual costs and a proper record of follow-up of variances between actual costs and estimates;
  - (d) Charges to program costs by production departments based on the estimates agreed between producer and production department head at the time a program is planned unless additional expense is involved as a result of changes made by the producer after the estimates were established. This should facilitate determination of responsibility for variances from program budgets and is incidentally the system followed by CBS and NBC.
2. The duties and responsibilities of unit managers and unit administrators should be clarified and standardized throughout the organization particularly as to:
  - (a) Relationship with producer to control expenditures;
  - (b) Responsibility for program expenditures and variances from program budgets.

CBC states that this matter has been under consideration for some time. They believe it requires a change in organizational structure which has already been commenced.

### *C. Data Processing*

#### 1. INTRODUCTION

The Corporation operates data processing centres in Ottawa, Montreal and Toronto. We made a review of the three installations and the systems related to their operation. Our review was limited to the ascertainment of the utilization of the equipment and related programming resources and to an examination of the development of systems and procedures.

Each of the centres was visited and the following matters considered:

Data processing organization and personnel

Computer equipment and data processing facilities

Systems documentation and standards

Present computer applications

Future plans for computer applications.

Some of the production facilities at Montreal were observed to obtain an appreciation of the problems involved in preparing source data and designing new systems.

## 2. OBSERVATIONS

The major computer applications to date are of an accounting nature including the processing of payrolls and the maintaining of performer statistics.

Acquisition of the computers by CBC has been quite recent. As a matter of fact the conversion from punched card equipment to computers was just in the completion stage at the time of our study. At all three centres a straight conversion from a punched card system to computer processing was made without any major modifications in the system to take advantage of the greater capabilities of the new equipment. Anticipated overall dollar savings in the data processing section were considered to be justification for this approach.

We found the computer installations to be properly segregated from other operating areas and to be well laid out for efficient operation. The Montreal data centre is slightly crowded but this will be remedied when some of the punched card equipment is removed later this year. The housekeeping with respect to disc packs, card files and storage facilities seems satisfactory. Although CBC as a whole has not developed programing standards and standard formats for conversion schedules, systems documentation or operators' manuals for use throughout the Corporation, the conversions appear to have been carefully planned and implemented at each location.

As a result of the approach adopted (direct conversion from punched cards to computers), each of the three centres has developed a number of unrelated computer applications with very little attempt being made to integrate the accounting with other functional applications such as operations. We found the three centres to be functioning independently of one another with limited direction by a central co-ordinating group which has resulted in some duplication of effort in the systems development and programing phases as well as a lack of compatibility of resultant applications.

None of the computers is being operated on anything like a capacity basis even on the present one shift operation which leaves ample opportunity for additional applications.

Detailed plans are being developed by the management services division at Ottawa for an integrated information system covering operating, management reporting and accounting. These plans envisage either a centralized computer or a closely linked network of computers drawing on a common pool of information in an attempt to achieve maximum utilization of manpower and facilities. The system would produce consolidated reports for corporate management as well as regional reports to provide all levels of management with pertinent information to manage their respective areas. It was considered that a system of this nature had to be built around a uniform and flexible code of accounts to ensure conformity and more efficient equipment usage. This code is presently in the final stages of development.

At Montreal the divisional services staff has prepared a general outline indicating the areas which in their opinion would be most amenable to computer processing. Although several applications are contemplated no decision has been reached with respect to priorities and definitions of the proposed systems.

The approach at Toronto has been to develop certain additional applications subsequent to the initial computer conversion. Part of this work is being carried out by the data processing personnel and the balance by the systems and procedures department.

As already stated our review of the CBC's data processing facilities was conducted at a time when the conversion from punched card equipment to computers was in process of being completed. We understand that the Corporation has plans to improve some of the conditions to which we have made reference.

### 3. RECOMMENDATIONS

It is our opinion that the development of an integrated system to make the best and most efficient use of data processing equipment can only be achieved by the design and implementation of a properly documented long range plan. As in the case of all large and complex organizations, proper use of the computer is vital to the future development and progress of CBC. Dynamic technological developments are taking place in the computer field and new applications are being discovered almost daily. To co-ordinate all data processing activities effectively, all functions and departments of the Corporation must be considered and appropriate persons consulted. To ensure proper development of data processing applications at CBC, the following recommendations are submitted for consideration:

1. That at an appropriate time a Data Processing Policy Committee be established with top level representation from operations, programing, sales and finance to co-ordinate the data processing activities within CBC. The committee would establish policies and priorities and authorize the development of the projects. This would ensure that the views of all departments are considered, that existing duplications of effort are eliminated and future duplications minimized. The establishment of such a committee would facilitate the development of an integrated system encompassing all of CBC's activities. The committee should provide leadership and direction as well as the much needed channels of communication between departments with respect to data processing developments.
2. That a Data Processing Study Group consisting of representatives of the systems and procedures department and data processing personnel in the various regions, be set up to consider the plans presently contemplated and to present a consolidated proposal to the Data Processing Policy Committee. This proposal would include recommended priorities, estimated completion times for each application and the allocation of work to the various centres. In addition the Data Processing Study Group would be responsible for directing feasibility studies for further computer equipment acquisition (recommendation No. 5), for ensuring compatibility of standards (recommendation No. 4) and for reviewing present computer applications (recommendation No. 3). The study group would present recommendations arising out of the systems studies to the Data Processing Policy Committee for approval.
3. That all present computer applications be reviewed with the object of maximizing utilization of computer potential and ensuring standardized and compatible processing in all locations, thus facilitating their integration into an overall management information system. The review would be co-ordinated by the Data Processing Study Group.
4. That standards of programing, flow charting, documentation, operating and recording of computer usage be developed for use throughout CBC. This would assure the use of acceptable procedures throughout the system and thereby facilitate the exchange of data processing information and records

between computer installations. These standards would be set up under the direction of the Data Processing Study Group.

5. That future acquisitions of data processing equipment be made after the completion of a comprehensive feasibility study based on the integrated systems concept covering all locations. This feasibility study would be carried out under the auspices of the Data Processing Study Group.

As a matter of interest, we gained the impression from our visit to New York that CBS is well advanced in the use of computers for processing data for accounting purposes, for program schedules, master control operation, control of lights for programs, etc. We were informed that substantial savings had been achieved through centralization of the data processing function.

## 6. PROGRAM PRODUCTION AND ADMINISTRATIVE EFFICIENCY

### A. Television Program Production

#### 1. INTRODUCTION

Of the expenditures of the Canadian Broadcasting Corporation which totalled \$123,000,000 for the year ended March 31, 1965, over \$79,000,000 or 64% are represented by program costs, largely television program costs.

We made a study of the television production practices of the program producing units selecting for examination the two principal production centres, Montreal and Toronto, and one smaller centre, Vancouver. In accordance with instructions from the Committee on Broadcasting our examination was made with the object of ascertaining whether in the opinion of our industrial engineers there were opportunities for substantial cost savings in the production of television programs; we were asked to estimate the amounts of any such savings to the extent that they could be determined by a limited examination. We were not to attempt to assess the quality of the programs nor were we to endeavour to substantiate CBC claims of improvements in techniques and costs made in recent years.

Our study disclosed that there is cost improvement potential in the Corporation's television program production. We consider that cost improvements in the areas we surveyed would come within a range of \$3,000,000 to \$5,000,000 a year. We believe that a substantial part of the improvements, as much as two-thirds, represents potential cash savings, the balance being of a type which would enable the Corporation to utilize more fully the productive effort available for more or better programs. To realize these savings fully will require the complete co-operation of all members of the Corporation's staff and the affected unions.

We discussed our findings in some detail with senior executives of the Corporation who agreed with us that there is cost improvement potential in the production of television programs but in their own words however "at this point agreement ends". They state that there is no agreement on the cost constituents of our target for potential cost improvement, or the means of obtaining cost improvements as such, or on the areas in which it can be obtained, or with the basis from which we derived our conclusions or figures. They say that the Corporation has operational improvement programs with a main objective of maintaining the quality and quantity of its programming so that any improvement would be directed towards compensating for the uncontrollable annual increases which take place in costs as in any other industry. They state they have an improvement target of 5%, or \$3,000,000, but they consider that of the amount of \$3,000,000, only \$1,000,000 is realizable in cash, the remainder being of a fixed variety, but they say that the cash savings will assist them to utilize more fully the productive effort available for more or better programs.

Despite the Corporation's views of our study and our conclusions, we believe that the cost savings we have suggested represent attainable goals. Our examination was of a restricted nature carried out in accordance with standard practice in the conduct of a preliminary review to establish cost improvement potential and a program of action for achieving the target. We are satisfied that our investigation was sufficiently extensive to justify the conclusions we reached. The savings may not be available in the exact amounts in the exact areas suggested by us but we believe the opportunities exist. A more extensive examination might well have revealed further opportunities for savings.

## 2. CONDUCT OF STUDY AND FINDINGS

As already stated, in the conduct of the study we examined the television production practices of the program producing units of the CBC in Montreal, Toronto and Vancouver. Throughout the study we received the complete co-operation of regional management and we believe that the environment at the operating level is such as to ensure the success of a cost improvement program of the kind we are recommending assuming it is properly carried out with senior management direction and support. The functional areas we examined at the selected television production centres were determined by preliminary examinations made to identify apparent opportunities for savings. We did not cover the same areas at all three centres.

Television program production in both Montreal and Toronto is carried out under severe physical handicaps.

In Montreal, the CBC operates from twenty-two separate locations which presents an obvious problem in communications, co-ordination and supervision. The operating problems of the French network are further complicated by the scarcity of acceptable film material which results in a high volume of studio production.

In Toronto, program production is carried out at several locations in converted premises and the workshops are not convenient to the studios. The actual facilities are judged to be better suited to television program production than those in Montreal.

It was found in Vancouver as well that the physical facilities of the operations tend to be restrictive and to contribute to high program production costs. The two studios in Vancouver have a serious ceiling height restriction which complicates studio lighting and scenery movement. There is no permanent rehearsal hall.

Our studies included the following:

- (a) Interviews with selected representatives of management at various levels with the object of gaining an insight into management practices. In the Toronto study we had only limited discussions with senior management.
- (b) Observation of operations.
- (c) Examination and analysis of operating statistics.
- (d) Work sampling of the technical production functions with particular reference to labour consuming activities.

We estimate cost improvement opportunities in the Montreal operations to be not less than \$1,200,000 a year and we believe that this cost improvement is possible within the framework of present physical facilities.

We estimate cost improvement opportunities in the Toronto operations to be not less than \$2,400,000 which we also believe is possible of attainment within the framework of present physical facilities.

A very progressive and cost-conscious environment has been created by the Vancouver management, and we gained the impression that they would like to go much further in reducing costs. Their cost-consciousness, however, is not directed to lower

cash requirements but to the provision of more funds for program improvement. Because of the limited nature of our examination we did not estimate the cost improvement potential in Vancouver but we are satisfied that some savings could be effected.

Some of our findings were tested by the development of revised decision rules and their application to an actual situation by rescheduling the production of the Toronto centre for one week. These tests confirmed the validity of the opinions reached that opportunities for substantial cost improvement do, in fact, exist.

The cost improvement would result from better planning and better scheduling of personnel and from increasing productivity. Productivity, as used in this context, means less staff producing an equal amount of work or present staff increasing the output from existing facilities. It should be recognized that some capital expenditures, such as material handling equipment and production tools, would be required to achieve increased effectiveness.

We visited the Columbia Broadcasting System and National Broadcasting Corporation studios in New York with the object of observing their program production techniques to ascertain whether any of their operating practices were materially different from those of CBC. We obtained some information which we found useful in assessing the CBC's operations. From our brief visit we concluded that some of the operating practices followed by CBS and NBC for technical crews, staging crews and lighting crews appeared to be more efficient than those of CBC, and certain of their practices should be considered for adoption.

The concern of management has been directed in the past, and rightly so, to improving quality and extending television coverage. The rapid growth of television in Canada has brought about a shortage of competent administrative personnel. It would appear that insufficient time and effort have been devoted by CBC to the development of adequate control and cost improvement programs but the time for the more rapid development of such programs has arrived.

There appears to exist a sincere desire on the part of CBC regional management to achieve ever higher standards in program quality despite the physical limitations of the production facilities and we found that some improvement programs had been carried out. We concluded that the Corporation's cost improvement programs are being limited by the absence of an over-all plan and the lack of a number of other ingredients essential to the success of a cost improvement program. The CBC's efforts in cost improvement are hampered by certain deficiencies such as:

1. Responsible personnel are untrained in cost improvement and cost control methods.
2. The head office industrial engineering group is not large enough to carry out what we believe its objectives should be.
3. The reporting system is not functioning so as to bring excess cost to the attention of management in a way to prompt appropriate action.
4. Operating staff lack an appreciation of the adverse cost implications of many of their short-term decisions.
5. The cost system is such that producers have insufficient control over important parts of television program costs to be held wholly accountable for budget over-runs.
6. Responsible staff members are not being provided on any regular sort of basis with information on how to improve performance. The direction frequently is of a vague nature such as "Costs must be reduced or better performance is required".

### 3. SUMMARY OF COST IMPROVEMENT OPPORTUNITY

The television program production costs for CBC for the year ended March 31, 1965 were \$64,000,000. Many of these costs are fixed or offer little opportunity for improvement. The fruitful area for cost improvement is judged to represent about 25% of the total program cost, or \$16,000,000. Projecting our findings in the areas we examined to the total program production activities, we consider that a cost reduction target of approximately \$4,000,000 a year, including savings of \$2,400,000 in Toronto and \$1,200,000 in Montreal, would be realistic.

For some time management has been giving serious consideration to the feasibility of consolidating facilities in various locations. In the course of discussions we were surprised to find that cost justification did not appear to be an important factor in these studies. The cost improvement opportunities available to the CBC through consolidation in Montreal, Toronto and Vancouver could be substantial. An independent study of consolidation at Montreal and Toronto has been made at the instigation of the Committee on Broadcasting by a firm of consulting management engineers.

### 4. A SUGGESTED PROGRAM FOR REALIZING COST IMPROVEMENT

The steps in a typical program for realizing cost improvement in the CBC would be:

1. Elimination of operating responsibility conflicts between production and service departments and within the production departments by a re-definition of authority and responsibility.
2. Establishment of standards of performance for program cost control.
3. Development of a program to provide greater flexibility in work scheduling of service crews.
4. Refinement of facility scheduling practices.
5. Expansion of the industrial engineering function and training of staff in the development of work and performance standards.
6. Development of a training program for first line supervision in work simplification, methods improvement and supervisory practices.
7. Development of a labour job reporting and performance reporting system.

We consider that a program of this sort would require an elapsed time of two or three years to complete. The result would be:

1. Operating cost improvement estimated at approximately \$4,000,000 a year or say in a range of \$3,000,000 to \$5,000,000.
2. Improved cost control.
3. A developed ability within the CBC for efficient future operations and system refinement which could lead to additional cost improvement.

### 5. CONCLUSION

CBC senior executives consider our program to be highly theoretical and they suggest that the stress on conventional tools of industrial engineering and systems and procedures does not adequately recognize the needs of broadcasting. While we have taken their criticisms very seriously we are convinced that there are substantial cost reduction opportunities in CBC productions and that our suggested program is a practical one. It is interesting to note that CBC has quite recently embarked on a study of overtime costs and the role of script assistants; our study indicated that overtime could be reduced through better scheduling and that the duties of the script assistants should be reviewed.

CBC management has expressed concern that our findings taken at face value would create the impression that a state of chaos exists. We would not wish to create such an impression. In fact, no chaotic condition does exist but we firmly believe that ample opportunity does exist for the Corporation to obtain greater efficiency and

economy in its television program production operations despite the assurance of CBC regarding the improvements that have taken place and are continuing to take place. We believe that savings of the order we have outlined are attainable without adversely affecting the ability of CBC to maintain and improve the quality of its programs. We point out too that CBC management itself sees an improvement target of some \$3,000,000 a year.

The reader of this report on program production techniques must constantly keep before him the fact that the seemingly critical tone of our report stems from the object of our study which was to search for and determine the amount of possible cost reductions and economies; we were not asked to go beyond this.

### *B. Administrative Efficiency*

#### **1. INTRODUCTION**

We conducted a study of the administrative services of the Corporation for the purpose of evaluating the effectiveness of the existing clerical and administrative performance. We looked for opportunities for cost savings through improved efficiency in these areas and we have estimated the amounts of potential savings.

Our study of work organization and staff performance was carried out at the Montreal and Toronto offices of CBC and at its head office in Ottawa. While we spent a relatively short time in our conduct of the study we are satisfied that our investigations were of sufficient depth to justify our findings and recommendations. Further time spent on an investigation of this nature would almost certainly reveal additional savings opportunities. In the conduct of our study we were greatly assisted by CBC through the participation of its management services' staff at the locations covered in our review; we found the management services' personnel of CBC to be well qualified to participate in a study of this nature requiring a minimum amount of direction from us.

#### **2. REVIEW PROGRAM**

In the course of our investigation we carried out a number of procedures designed to indicate the existing level of administrative efficiency. These procedures included the following:

1. We interviewed 18 senior and intermediate administrative officers of CBC to ascertain the type of administrative direction and control exercised in the operations.
2. We conducted a work sampling program to evaluate the level of activity of clerical staff.
3. We made an assessment of clerical effort for the purpose of comparing CBC clerical performance with normal objective standards and with expected performance as experienced in other large clerical groups. Impressions of efficiency levels of administrative staff gained during the carrying out of other parts of our study as financial advisers tended to confirm this assessment of clerical effort.
4. We made an assessment of the utilization of the space in the head office building.

We have had the benefit of a critical examination of our findings by senior administrative management of CBC who are in general agreement with us that opportunities for improvement do exist. They state that over the years much has already been accomplished in reducing clerical costs and that in the current year a target of 5% across the board reduction has been set. Our study was based on the current situation; we did not attempt to assess past performance.

### 3. STUDY RESULTS AND RECOMMENDATIONS

There are some 1,500 to 1,600 employees in CBC having clerical and supervisory duties with an annual payroll of \$7,500,000. These include clerks, section heads and supervisors in all departments of the Corporation. Our findings indicate that an administrative cost reduction target in the range of \$900,000 to \$1,200,000 (12%-16%) would be appropriate. We consider this to be a conservative estimate of possible savings which might well be exceeded. The savings would be attained through reductions in staff made possible by the proper application of improved efficiency and work standards which would result in increased work output due to improvements in work planning and scheduling, work organization, improved supervision and performance reporting.

It was apparent to us that CBC is experiencing internal communications problems which tend to reduce the effectiveness of the administrative effort. At head office a lot of clerical effort is devoted to the recasting of reports received from the field and much of the information contained in the many voluminous field reports does not seem to be used at all at head office. It is to be hoped that the organizational changes being made following the Corporation's internal organizational study will bring about closer co-ordination of head office and regional staffs with a resulting saving in administrative costs.

In Montreal and Toronto the clerical and administrative performance is limited to a considerable extent by the dispersion of the work force and the inadequacy of the office space. The head office staff in Ottawa on the other hand is concentrated in one building with generous space allotments. The head office building is designed to accommodate 550 people and there are 480 persons in it now. Some 40% of the head office staff is housed in private offices. This situation, combined with the general layout of the building, tends to limit effective supervision and would make pooling of clerical and secretarial staff difficult. We understand that CBC is investigating the feasibility of pooling staff at head office nevertheless. Space standards used to plan the head office building appear to us to have been generous when compared with Federal Government or commercial standards. The CBC management has indicated to us that it considers its head office building to be appropriate for the purpose it is serving.

### 4. A RECOMMENDED APPROACH TO IMPROVED ADMINISTRATION

Management of the Corporation is aware of the fact that opportunities for savings exist through improved administrative efficiency and they have informed us that their management services' unit is studying corporate procedures and practices and that attention is being given to the areas of job function definition and work responsibility and distribution. We recommend that the Corporation's administrative efficiency improvement efforts be embraced in a program to cover specifically:

1. A work relations and location study to evaluate:
  - (a) What work should be done
  - (b) Where it should be done
  - (c) Who should do it
2. The training of clerical supervisors in work allocation, work quality control, and supervisory practices.
3. The development and installation of clerical work standards and performance reporting.

If the cost savings we have forecast are to be achieved in a period of two to three years, and we believe this to be quite possible, the program will have to be undertaken on a concentrated basis.

## PART II

### CANADIAN BROADCASTING CORPORATION FINANCING

#### *1. PRESENT METHOD*

At the present time CBC's operating requirements are financed by annual grants. Capital funds are provided, also on an annual basis, by interest-bearing Government loans the principal of which is repayable in equal annual instalments over a 20 year period.

In support of its request for funds CBC submits to the responsible Minister, usually in October or November, estimates of its operating and capital requirements for the ensuing year. The estimates are reviewed by Treasury Board before their inclusion in the Government's annual estimates.

With its submission to Treasury Board of operating estimates for the ensuing year, CBC provides a forecast of its expenditures and advertising revenues for the following four years though this is not a requirement under the Broadcasting Act.

The Broadcasting Act, Section 35(2), requires that CBC submit to the Governor-in-Council a five-year capital program together with information on the effect of the proposed program on the Corporation's operating requirements before March 31, 1960 and each fifth year thereafter. The current five-year forecast prepared by the Corporation is for the five-year period April 1, 1965 to March 31, 1970. Under the requirements of the Broadcasting Act the next forecast will cover the period April 1, 1970 to March 31, 1975 and it will be prepared for submission during 1969. In actual practice CBC updates its capital forecast each year.

The Government annual estimates are not submitted for the consideration of Parliament until March or April or even later on occasion. As a practical measure CBC does its planning on the assumption that Parliament will provide funds for the Corporation's fiscal year commencing April 1 on the basis of the Treasury Board approval given in November or December. Though CBC provides Treasury Board with forecasts of expenditures for a five-year period, approval is given each year for one year's expenditures only, for both capital and operations. It would be better from the standpoint of long-range planning for CBC to know for more than one year ahead what funds will be made available to carry out the national broadcasting service.

#### *2. CBC FORECAST OF FUNDS REQUIRED 1966-1970*

In the fall of 1964 CBC submitted to Treasury Board forecasts of its expenditures, capital and operating, for the years 1966-1970. This submission was made in support of the request for funds for the year ending March 31, 1966.

The Treasury Board reviewed the estimates for the current year ending March 31, 1966, making a number of reductions in both capital and operating figures. The reduction in the capital portion of the estimates was made as a result of an understanding between CBC and Treasury Board that CBC would not undertake large new capital commitments until the Committee on Broadcasting has reported.

The most recently revised forecast figures of CBC capital expenditures for the years 1966-1970 are summarized as follows:

Year Ending March 31	Capital			Combined
	Television	Radio	of Facilities	
1966 .....	\$ 7,012	\$ 1,543	\$ 2,545	\$ 11,100
1967 .....	19,653	3,086	11,316	34,055
1968 .....	16,752	3,715	23,652	44,119
1969 .....	18,457	3,465	34,603	56,525
1970 .....	12,694	3,076	23,439	39,209
	<u>\$74,568</u>	<u>\$14,885</u>	<u>\$95,555</u>	<u>\$185,008</u>

The figures shown in this table represent expenditures which CBC anticipates will be made in the five-year period. CBC anticipates that to complete projects in process or in the planning stage at March 31, 1970 will require further expenditures of \$66,707,000 in 1971 and subsequent years.

Actual capital expenditures for the year ended March 31, 1965 were \$13,418,000.

In May 1965 CBC revised its forecast of operating costs in respect of each of the years 1967 to 1970 and the latest figures for the five years are as follows:

Year Ending March 31	Operating			Combined
	Television	Radio	Interest and Other	
	(net after deducting commercial revenue)	(thousands of dollars)		
1966 .....	\$ 65,195	\$ 23,284	\$ 7,610	\$ 96,089
1967 .....	78,004	25,640	9,641	113,285
1968 .....	84,598	27,809	11,943	124,350
1969 .....	92,451	28,607	14,447	135,505
1970 .....	100,988	30,658	16,384	148,030
	<u>\$421,236</u>	<u>\$135,998</u>	<u>\$60,025</u>	<u>\$617,259</u>

Actual operating expenditures for the year ended March 31, 1965 were \$85,869,000, net after deducting commercial revenue.

The totals of the capital and operating forecasts are summarized as follows:

Year Ending March 31	Operating			Combined
	Capital	(net after deducting commercial revenue)	(thousands of dollars)	
	(thousands of dollars)			
1966 .....	\$ 11,100	\$ 96,089		\$107,189
1967 .....	34,055	113,285		147,340
1968 .....	44,119	124,350		168,469
1969 .....	56,525	135,505		192,030
1970 .....	39,209	148,030		187,239
	<u>\$185,008</u>	<u>\$617,259</u>		<u>\$802,267</u>

These figures do not include:

(a) Capital expenditures of \$9,800,000 and operating expenditures of \$2,029,000 in connection with The World's Fair Exhibition.

- (b) Capital expenditures of \$3,647,000, operating expenditures of \$8,850,000 and estimated loss of commercial revenue of \$1,000,000 in connection with special programming for Canada's Centennial celebrations.
- (c) Allowance for the effect on capital expenditures of future price increases (operating expenditures include a factor for price increases during the five-year period).
- (d) Depreciation.
- (e) Provision for loan repayments.

The operating cost figures do, however, include interest on loans.

### *3. PROPOSED FINANCING*

#### 1. REVISIONS TO CBC FORECAST RECOMMENDED BY THE COMMITTEE ON BROADCASTING

The CBC forecast represents the five-year financial forecast for the years 1966 to 1970 prepared by CBC in the fall of 1964 with amendments to give effect to the reductions imposed by Treasury Board, and further revisions made by CBC in May of this year.

The figures shown in the CBC forecasts have been adjusted to give effect to changes recommended by the Committee on Broadcasting resulting in a new set of figures representing levels of expenditure and commercial revenue which the Committee considers acceptable for CBC to carry out a satisfactory broadcasting service during the next five years. Assuming the Committee's recommendations are adopted it will be necessary for CBC to review its plans and prepare a new forecast in detail.

Following is a summary of the suggested level of CBC expenditures determined on the basis of the Committee's recommendations.

<i>Year Ending</i>	<i>Operating</i>			
	<i>Capital</i>	<i>Television</i> (thousands of dollars)	<i>Radio</i>	<i>Combined</i>
<i>March 31</i>				
1966 .....	\$ 14,000	\$ 76,132	\$ 26,034	\$102,166
1967 .....	38,445	86,418	28,918	115,336
1968 .....	36,148	97,081	31,771	128,852
1969 .....	39,388	96,331	32,421	128,752
1970 .....	31,378	100,066	34,937	135,003
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$159,359	\$456,028	\$154,081	\$610,109
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Some details of these figures are provided in Exhibits 1 and 2 to this part of our report. These statements show clearly the increasing significance of charges for interest and depreciation resulting from the major capital program contemplated by CBC over the next few years.

The effect of the Committee's recommendations on CBC forecast figures for the five years 1966-1970 is shown by the following:

	<i>Capital</i>	<i>Operating</i>
	(thousands of dollars)	
CBC forecasts as revised by CBC in May 1965 (see section 2 of this part of this report) .....	\$185,008	\$617,259
Items not included in these figures but which the Committee considers should be covered by the statutory grant for the national broadcasting service—		
Based on CBC cost estimates—		
World's Fair Exhibition .....	9,800	2,029
Centennial Programing .....	3,647	9,850
An allowance for price changes, not included in capital forecast .....	9,904	
Depreciation (our estimate) .....		48,647
	<hr/>	<hr/>
Level of spending based on Committee's recommendations	208,359	677,785
	<hr/>	<hr/>
Reductions resulting from recommendations of the Committee	159,359	610,109
	<hr/>	<hr/>
	<hr/>	<hr/>

The reduction of \$49,000,000 in capital funds represents:

(a) a reduction in costs of consolidation of facilities at Montreal and Toronto, the Committee believing that facilities should be provided on a more modest scale than what CBC has planned .....	\$20,000,000
(CBC provided in its capital forecasts as the cost to complete projects for the consolidation of facilities at various locations amounts totalling \$127,661,000 (including Montreal and Toronto \$95,851,000) of which \$32,106,000 was not to have been spent until after 1970)	
(b) elimination of proposed establishment of television stations in four provincial capitals .....	6,000,000
(estimated total cost \$8,250,000 of which \$2,250,000 was not to have been spent until after 1970)	
(c) deferment of consideration of stages 4 and 5 of plans for colour television broadcasting .....	18,237,000
(estimated total cost \$22,640,000 of which \$4,403,000 was not to have been spent until after 1970)	
(d) reduction of allowance for price changes because of lower capital expenditures in the five year period .....	4,763,000
	<hr/>
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As stated in section 2 of this part of our report, CBC estimates that an amount of \$66,707,000 will be required in 1971 and subsequent years to complete projects in process or in the planning stage at March 31, 1970. As a result of adjustments

proposed by the Committee the cost to complete projects which will be in process at March 31, 1970 is \$32,131,000. The Committee has informed us that it does not intend passing judgment on stages 4 and 5 of the colour television conversion plan, \$22,640,000, or on a number of projects contemplated by CBC for extension of and improvements to the broadcasting service which will still be in the planning stage at March 31, 1970 and which are estimated to cost \$27,924,000, a total of \$50,564,000.

The reduction of \$67,676,000 in operating funds for the five years 1966-1970 is made up as follows:

(a) elimination of proposed establishment of television stations in four provincial capitals .....	\$ 4,800,000
(b) deferment of consideration of stages 4 and 5 of plans for colour television broadcasting .....	4,000,000
(c) reduction in CBC's proposed additional expenditures to improve program service .....	17,640,000
(CBC forecast provided for more than \$35,000,000 for improvement of program service)	
(d) savings resulting from:	
improved television program production techniques .....	6,000,000
improved clerical administrative efficiency .....	2,000,000
(These are considered to be very conservative estimates which could be exceeded by careful planning)	
(e) reduction in interest cost because of lower capital expenditures ....	3,245,000
(f) assumption that CBC will retain throughout the five-year period a 25% share of Canadian television advertising revenues .....	27,620,000
(CBC's share of the market has been declining in recent years and in the year ended March 31, 1965, represented about 28%. In the CBC forecast no increase has been projected for commercial revenues and on this basis CBC's share of a growing market would gradually decrease from 25% in 1966 to 17% by 1970. The Committee considers that a 25% share should be a minimum goal. Our calculations have been based on projections of Canadian television advertising revenue potential made by CBC Sales Policy and Planning Department and contained in a report of September 1964)	
(g) assumption that CBC will retain throughout the five-year period a 4% share of Canadian radio advertising revenues .....	4,680,000
(CBC's share of the market has represented about 4% of the total in recent years. In the CBC forecast it has been assumed that the Corporation will gradually withdraw from this field and be out of it entirely by 1971. The Committee considers that the Corporation should retain at least 4% of the Canadian market. Our calculations have been based on the assumption that Canadian radio advertising revenue will grow at the same rate as it has in the past decade)	
(h) allowance for increased selling costs to provide additional advertising revenues .....	(2,309,000)
	<hr/>
	\$67,676,000
	<hr/>

## 2. LONG-TERM FINANCING

The Committee has informed us that it proposes to recommend adoption by the Government of a financing plan for CBC which will enable the Corporation to know reasonably accurately several years ahead what funds it will have at its disposal to provide the national broadcasting service for Canada. It will also enable the Government to forecast what funds it must provide. Capital expenditures will continue to be financed by interest-bearing loans repayable in instalments over twenty years. It is the intention that the funds provided by the financing plan will cover all operating costs, including depreciation of plant and facilities, so that funds will be available for meeting loan instalments. To the extent that the amount of depreciation exceeds the amount of loan instalments (this condition will prevail only during the next few years), it is the intention that CBC be required to make payments to the Government in reduction of the existing Proprietor's Equity Account. A plan such as envisaged by the foregoing should encourage CBC to give careful consideration to its capital commitments.

We concur with the Committee that a long-term financing plan for CBC is desirable.

## 3. PLAN PROPOSED BY THE COMMITTEE

The Committee has reached the conclusion that provision of funds to the CBC should be based on the number of households containing radio and television receiving sets. A projection based on DBS statistics would indicate that the number of households with television sets is fast approaching the number with radio sets and by 1967 the numbers will be about the same. The Committee has decided to recommend a formula based on the number of television homes to cover CBC costs for both the radio and television services.

The following table provides historical data and a projection of population and television homes:

Year	Population* (June 1)	Television Homes	
		Number† (May)	% of Population
1960 .....	17,870	3,550	19.9
1961 .....	18,238	3,797	20.8
1962 .....	18,570	3,979	21.4
1963 .....	18,896	4,195	22.2
1964 .....	19,272	4,328	22.5
1965 .....	19,646	4,519	23.0
1966 .....	20,039	4,709	23.5
1967 .....	20,441	4,906	24.0
1968 .....	20,855	5,005	24.0
1969 .....	21,286	5,109	24.0
1970 .....	21,729	5,215	24.0

\* "Population and Labour Force Projections to 1970" Staff Study No. 1, December 1964, prepared for the Economic Council of Canada.

† 1960-1964, "Dominion Bureau of Statistics Annual Report of Household Facilities and Equipment." 1965-1970, our projection.

The population figures in the foregoing tables are actual for the years 1960 to 1963 and projected for the year 1964 to 1970. The number of television homes is based on annual DBS surveys for the years 1960 to 1964 while the figures for the years 1965 to 1970 are projections we have made based on the assumption that the number of television homes expressed as a percentage of population will increase slightly until a level of 24% is reached which we have considered as a saturation point. For many years the number of radio homes expressed as a percentage of population has been constant at just over 24% and in some projections which it has made CBC has assumed 24% to be the saturation point for television.

In order to fulfil the objective of the Committee's recommendation that both CBC and Government should know in advance what grants are to be provided for the operation of the national broadcasting service, the number of television homes on which the grant is to be based must be a projected figure. It should be possible in our opinion to estimate the number of television homes sufficiently accurately so that subsequent adjustments based on "actual" numbers would be unnecessary.

The Committee is recommending that a financing formula for CBC be determined for a period of at least five years and reviewed before the end of that time so that CBC and Government will continue to know in advance what funds are to be provided.

In calculating the amounts of funds with which CBC would be provided at so much per television home, we have assumed that it would be appropriate to use the estimated television homes at the mid-point of the CBC fiscal year. Thus for its fiscal year ending March 31, 1966, for example, the estimated number of television homes in Canada at September 30, 1965 would be used. We are recommending that the fiscal year of CBC be changed to end on August 31 or September 30 to coincide more nearly with the television broadcast season; if such a change is made, the date as at which the estimated number of television homes will be determined might be February 28 or March 31 falling in the fiscal year for which the grant is being calculated.

Our calculations have been based on a March 31 year end. For purposes of our calculations we have determined the number of television homes at September 30 to be the May figure shown on the 1960-1970 table plus one third (four months out of twelve) of the estimated increase in television homes for the ensuing year. On this basis the numbers of television homes on September 30 in the years 1965-1969 are as follows:

September 30	Thousands of homes
1965 .....	4,582
1966 .....	4,775
1967 .....	4,939
1968 .....	5,040
1969 .....	5,144

Relating these estimated numbers of television homes to what the Committee considers to be acceptable levels of expenditure for CBC produces a figure of about \$25.00 a television home.

Following is a comparison for the next five years of the amounts which would be made available to CBC on the basis of the foregoing numbers of television homes at

\$25.00 each, and the level of CBC expenditures suggested by the Committee as being acceptable to provide the national broadcasting service:

<i>Year Ending March 31</i>	<i>Grant at \$25.00 a television home</i>	<i>CBC expenditures</i>	<i>Excess of grant over expenditures</i>
(thousands of dollars)			
1966 .....	\$ 114,550	\$ 102,166	\$ 12,384
1967 .....	119,375	115,336	4,039
1968 .....	123,475	128,852	(5,377)
1969 .....	126,000	128,752	(2,752)
1970 .....	128,600	135,003	(6,403)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 612,000	\$ 610,109	\$ 1,891
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the first two years the funds provided exceed the estimated expenditures but most of the excess is absorbed in the last three years.

The relationship between the net operating expenditures and the amount to be provided by the grant based on \$25.00 a television home is illustrated by the first two graphs on Exhibit 3. The importance to CBC of advertising revenue is brought out by the third graph on the same exhibit.

The foregoing table indicates that CBC expenditures are growing at a faster rate than the grants which suggests that by 1971 the amount per television home may have to be increased. An increase may not prove necessary for the following reasons:

1. If CBC is advised several years in advance of 1970 of the rate of the grant for the succeeding years, the planning of operations and expenditures can take this into consideration.
2. Only relatively small allowances have been made for improved efficiency. We are of the opinion that greater savings can be made.
3. Consolidation of facilities should be well advanced by 1970 which should produce some further reduction of operating costs.
4. Commercial revenues could perhaps be increased from the level of 25% of the total television advertising market. The share obtained by CBC in 1962 and 1963 was 30%.

#### 4. LOANS FOR CAPITAL EXPENDITURES

As already stated, it is the Committee's intention to recommend that the Government continue to finance capital expenditures of CBC by interest-bearing loans repayable in instalments over twenty years, the funds for this purpose being made available to CBC by the inclusion of depreciation in its operating costs which are to be covered by the Government grants based on so much a television home. It is suggested that the Government provide CBC with borrowing authority for Government loans in an amount of \$200,000,000 which should be adequate to cover the cost of completing the capital projects now in process and those to be commenced during the next five years.

During the next five years depreciation of capital assets will exceed required repayments of loans by quite a substantial sum and the Committee is recommending that CBC be required to make payments to the Government in reduction of the existing Proprietor's Equity Account to the extent of the excess. The following table sets forth estimates of the relevant figures:

<i>Year Ending March 31</i>	<i>Depreciation</i>	<i>Loan Instalments Due</i>	<i>Excess of Depreciation over Loan Instalments</i>
(thousands of dollars)			
1966 .....	\$ 5,832	\$ 713	\$ 5,119
1967 .....	7,387	1,413	5,974
1968 .....	9,629	3,335	6,294
1969 .....	11,870	5,142	6,728
1970 .....	13,929	7,112	6,817
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	\$ 48,647	\$ 17,715	\$ 30,932
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

Thus, on the basis of these estimates, amounts totalling nearly \$31,000,000 will be available for payment to the Government in reduction of the Proprietor's Equity Account during the five years 1966 to 1970.

##### 5. BALANCE SHEETS

We have prepared a pro-forma balance sheet of CBC as at March 31, 1970 based on the following assumptions:

1. Grants provided by the Government on the basis of \$25.00 a television home, the numbers of homes being based on the estimates contained in this report.
2. Net expenditures of CBC, capital and operating, based on what the Committee is suggesting as an acceptable level, as outlined in this report. Depreciation has been calculated at a composite rate of  $6\frac{1}{2}\%$  which has been the average for the past several years.
3. Capital expenditures of CBC financed by interest-bearing Government loans repayable in instalments over twenty years. Interest on new borrowings has been calculated at an assumed rate of  $5\frac{1}{4}\%$ .
4. Excess of grants over operating costs, including depreciation, added to working capital.
5. Excess of depreciation over loan instalments paid to Government in reduction of Proprietor's Equity Account.
6. Assets of the International Service transferred to CBC at \$3,155,000 representing 50% of cost which will be added to Proprietor's Equity Account. CBC has been operating the International Service facilities for many years and its operating costs are covered by separate vote.

The actual balance sheet figures at March 31, 1965 and the pro-forma balance sheet figures at March 31, 1970 are as follows:

	<i>March 31 1965</i>	<i>March 31 1970</i>
	(thousands of dollars)	
Working capital .....	\$ 9,000	\$ 10,891
Capital assets .....	81,566	234,980
Less: Accumulated depreciation .....	36,209	75,756
Net .....	45,357	159,224
Unexpended balance of		
Government loans for capital ....	832	.....
	\$ 55,189	\$ 170,115
Representing:		
Government loans .....	\$ 14,250	\$ 155,894
Proprietor's Equity Account .....	40,939	12,330
Unexpended balance of grants ....	.....	1,891
	\$ 55,189	\$ 170,115

## 6. CONCLUSION

In conclusion we repeat that we are in accord with the Committee's suggestion that a long-term financing plan should be established for CBC. We believe that the Committee's proposal of a grant of \$25.00 a television home, subject to review in five years, is reasonable.

We agree with the principle of financing capital expenditures by means of Government loans repayable in instalments through funds set aside from the operating grants.

CBC would be expected to show a balanced financial position over the next five years 1966 to 1970 and in subsequent similar periods so that the costs of operating the Corporation, including depreciation, over the whole of the five-year period must not exceed the grants, the excess of depreciation over loan instalments being used only for the purpose of payments to the Government on account of Proprietor's Equity. The basis of calculating the Government grant should be reviewed well before the end of each five-year period so that CBC can plan properly.

## 4. PROPOSED LEVEL OF EXPENDITURES (EXHIBITS 1-3)

Part II—Exhibit 1

## PROPOSED LEVEL OF EXPENDITURES — 1966-1970

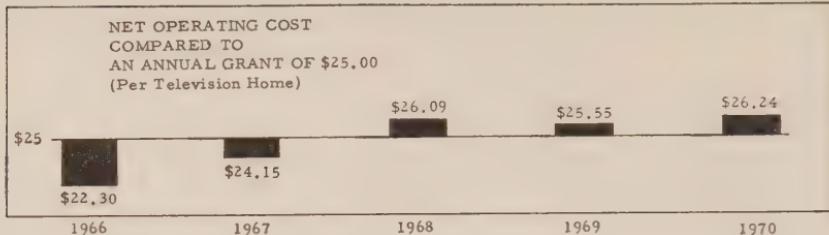
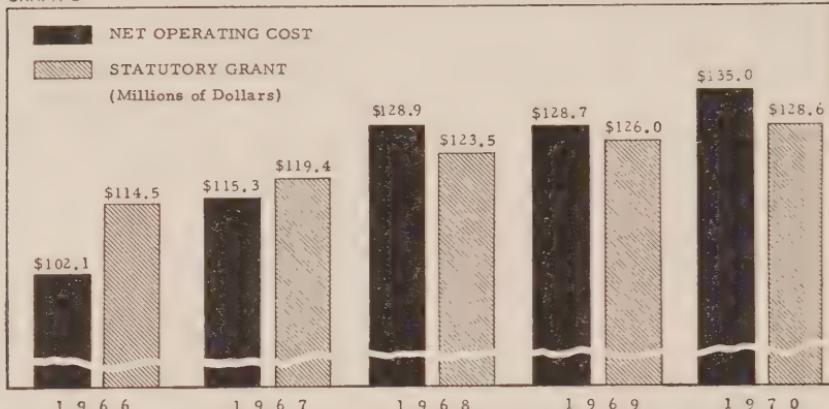
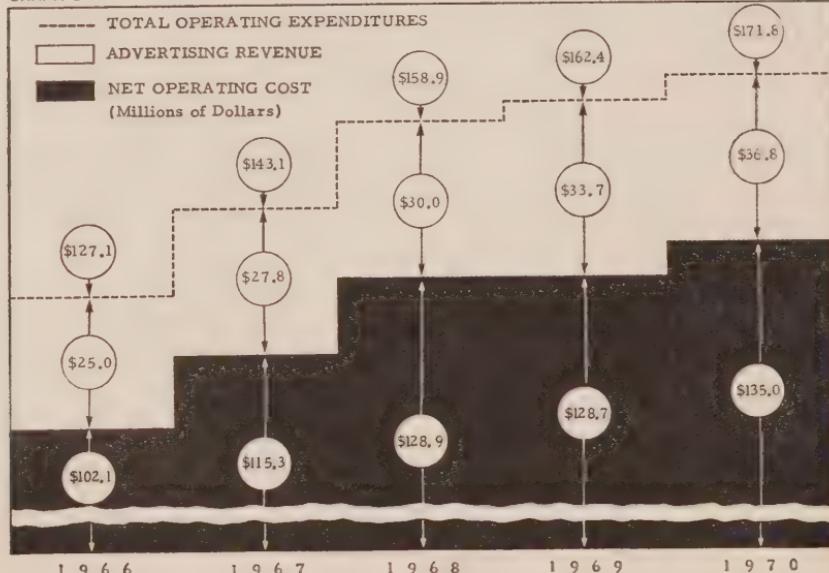
	<i>Expenditures 1966-1970</i>	<i>Capital Cost to Complete Projects in Process at March 31, 1970</i>	<i>Projects still in Planning Stage at March 31, 1970</i>
(millions of dollars)			
Television			
Extension of broadcasting service .....	\$ 20.0		\$ 13.2
Facilities for colour broadcasting ....	15.2		22.6
Other additions and replacements to plant and facilities .....	30.8		.6
	66.0	—	36.4
Radio			
Extension of broadcasting service including improvements to Northern Service .....	3.3		14.2
Other additions and replacements to plant and facilities .....	12.0		—
	15.3	—	14.2
Consolidation of plant and facilities at Montreal, Toronto and other locations	78.1	32.1	—
	\$ 159.4	\$ 32.1	\$ 50.6

NOTE: The expenditures 1966-1970 include an allowance of \$5,100,000 for price changes but the cost to complete projects in process and in the planning stage at March 31, 1970 does not include any such allowance.

## PROPOSED LEVEL OF EXPENDITURES — 1966-1970

	1966	1967	Operating 1968	1969	1970
	(millions of dollars)				
<b>Television</b>					
Cost of production and distribution....	\$ 88.5	\$ 98.8	\$ 108.2	\$ 107.7	\$ 111.3
Less: Advertising revenue .....	23.1	25.8	27.9	31.5	34.5
	—	—	—	—	—
	65.4	73.0	80.3	76.2	76.8
Management and central services ....	5.1	5.5	5.6	5.8	5.9
Interest .....	.9	2.0	3.5	4.9	6.2
Depreciation .....	4.7	5.9	7.7	9.5	11.2
	—	—	—	—	—
	76.1	86.4	97.1	96.4	100.1
	—	—	—	—	—
<b>Radio</b>					
Cost of production and distribution....	25.2	27.6	29.7	29.6	31.4
Less: Advertising revenue .....	1.9	2.0	2.1	2.2	2.3
	—	—	—	—	—
	23.3	25.6	27.6	27.4	29.1
Management and central services ....	1.3	1.3	1.4	1.4	1.5
Interest .....	.2	.5	.9	1.2	1.5
Depreciation .....	1.2	1.5	1.9	2.4	2.8
	—	—	—	—	—
	26.0	28.9	31.8	32.4	34.9
	—	—	—	—	—
<b>Television and Radio Combined</b>					
Cost of production and distribution....	113.7	126.4	137.9	137.3	142.7
Less: Advertising revenue .....	25.0	27.8	30.0	33.7	36.8
	—	—	—	—	—
	88.7	98.6	107.9	103.6	105.9
Management and central services ....	6.4	6.8	7.0	7.2	7.4
Interest .....	1.1	2.5	4.4	6.1	7.7
Depreciation .....	5.9	7.4	9.6	11.9	14.0
	—	—	—	—	—
	\$ 102.1	\$ 115.3	\$ 128.9	\$ 128.8	\$ 135.0
	—	—	—	—	—

**OPERATING COSTS AND GOVERNMENT GRANTS  
PROJECTIONS FOR YEARS ENDING MARCH 31, 1966-1970**

**GRAPH 1****GRAPH 2****GRAPH 3**

## PART III

### PRIVATE BROADCASTERS

#### *I. FINANCIAL RESULTS 1961-1963*

##### 1. INTRODUCTION

All broadcasters are required to file an annual report with the Dominion Bureau of Statistics. This report must be filed in triplicate; DBS keeps one copy, sends one to the Department of Transport and the other to the Board of Broadcast Governors. The report includes, among other things, statements of station operations, balance sheets and information on investment in plant and equipment.

The Secretary of the Committee on Broadcasting communicated with all private broadcasting stations requesting permission for the Committee and its appointees to have access to the reports filed with DBS. Of a total of 229 radio stations and 61 television stations, permission was granted by all but 44 radio stations and 5 television stations. We are not disclosing information on any individual station. We are providing some information on the operations of CTV Television Network Ltd. as authorized by the management of that company.

The information contained in the financial summaries making up section 2 of this part of our report and referred to as Exhibits 1 to 12, was based on tabulations of the individual station reports prepared by DBS staff at the request of the Committee in a form suggested by the financial advisers to the Committee. We reviewed the tabulations prepared by DBS staff and scrutinized individual station returns to the extent we considered necessary to be reasonably satisfied with the tabulating work done by DBS. While we did not attempt to verify the tabulations in detail, some errors were disclosed by our limited review and appropriate changes were made. The figures for the stations whose owners did not comply with the Committee's request for permission for the Committee and its appointees to have access to the reports filed with DBS were included in the DBS tabulations but we did not see the individual returns which incidentally made up an unimportant part of the whole. We did not go behind the reports submitted to DBS except for CTV network, Toronto, and Station CFCF Montreal, where we visited the company offices and obtained first-hand information.

Each year DBS publishes a report providing information on the operations of the Canadian radio and television broadcasting industry. During 1963 it published a report (Catalogue No. 56-204) on the industry operations for 1961. A similar report was published in 1964 relating to operations for the year 1962 and at the time of the writing of this report DBS was about to publish its report on the broadcasting industry for 1963. DBS has not yet received a great many of the broadcasters' returns covering their fiscal periods ending in 1964 and so the latest fiscal periods for which complete information is available are those ending in 1963.

We found that the reports published annually by DBS on the broadcasting industry do not provide the financial information the Committee asked us to obtain. Following are some of the reasons why we found the DBS publication to be unsuitable for our purposes:

- (a) The analysis of operating results by revenue groups includes an overlap of the operating results of stations in the revenue groups.

- (b) There are no separate analyses of the operating results of the English language stations and the French language stations.
- (c) The investment in plant and equipment by revenue groups is not given.
- (d) The number of stations operating at a loss is not indicated.

For these reasons it was necessary for us to arrange through the Committee for new tabulations to be made for our purposes.

## 2. FOREWORD

Exhibits 1 to 12 have been designed to portray the financial results of the private sector of the broadcasting industry in Canada for the three years 1961, 1962 and 1963. In the final statement (Exhibit 12) the figures for the Canadian Broadcasting Corporation are set out alongside the combined results of all private broadcasters.

Before commenting on the various statements there are a number of points to which we should like to draw attention, relating in particular to those companies that operate more than one type of broadcasting service, e.g. radio and television, AM and FM radio. The operating results of the individual services will be affected by the following:

- (a) In some instances arbitrary allocations of expenses between radio and television operations and in some instances between these operations and other activities, such as a newspaper, have no doubt been made by the reporting companies.
- (b) The allocation of income taxes between radio and television operations is often arbitrary because of a single corporate structure.
- (c) The operations of a radio station may result in a profit while the television station may produce a loss in excess of the profit. In this example no income tax would be payable even though a profit is included in the figures tabulated for the radio station, thus distorting to some extent the net profit of the radio station.

While each of these points may be significant in relation to the operating results of some of the stations, and collectively may have an effect on the overall operating results shown in the attached exhibits, it is our opinion that the figures have not been unduly affected and that they are useful for the purpose of reaching general conclusions.

The balance sheets of private broadcasters having both radio and television operations do not divide capital employed between radio and television. We have made some calculations showing the ratio of revenue and net income to investment in buildings, plant and equipment to give some indication of return on capital employed. The result cannot be considered to give an entirely accurate representation of the relationship of these items to capital employed because of the non-inclusion of working capital (relatively small) and goodwill, and the omission of long-term debt while interest is included as an expense.

The tabulations of the operating results of radio stations include the operations of all AM and FM stations. Between 10 and 15 stations reported AM and FM operations in total, while all other stations reported AM and FM operations separately including, in some cases, arbitrary allocations of the operating figures. The allocations of the stations to revenue groups was based on the individual returns filed, i.e., if the station filed separate returns for AM and FM operations each return was considered as a separate entity for purposes of classifying the results by revenue group. The count of stations is based on the number of stations in operation which is greater

than the number of separate returns filed because a single annual report covering the total operation of both AM and FM stations is counted as two stations in the tabulation.

### 3. EXHIBITS 1 TO 12

The following is an explanation of some of the terms used in this report:

*Network sales* is revenue received for time when a station is attached to a network.

*National sales* is revenue received from national or regional advertisers for time on a non-network basis.

*Local sales* is revenue received from local or district advertisers for time on a non-network basis.

*Billings to sponsors for broadcasting facilities and programing* represents revenue in respect of charges for artists' and other talent fees, line and recording charges, production charges and any other revenues incidental to broadcasting.

*Representative agency commissions* is the cost of individuals or organizations which are hired by the stations to seek the business of national and regional advertisers on a non-network basis. This does not include the cost of the stations' sales force which covers the local market.

The following comments are intended merely to point out some of the highlights of the financial information shown in the attached exhibits.

#### *Exhibit 1—Summary of Operating Revenue and Expenses 1961-1963*

Radio stations, as a whole, improved their operating results by 50% in 1962 compared to 1961. Net profits for 1963 were about the same as for 1962.

Taken as a group Canadian television stations moved from a loss position of \$4,553,000 in 1961 to a loss of \$150,000 in 1962 to a profit of \$3,045,000 in 1963. Licences were granted in 1960 to 'second' television stations in eight major cities where previously only CBC stations operated; from the experience of broadcasters it takes several years for the operations of a television station to become profitable.

The largest item of expense by far is salaries and wages which amounted to over \$42,600,000 in 1963. Payments by the stations for artists' and other talent fees seem to be very small in relation to commercial revenue. Artists' and other talent fees were about \$4,300,000 in 1963 which is only \$100,000 more than in 1961 while operating revenue climbed from \$87,100,000 to \$111,200,000 in the same period.

#### *Exhibit 2—Radio*

##### *Operating Revenue, Net Income and Investment in Plant by Revenue Groups 1961-1963*

This statement shows that the radio stations with annual revenue of less than \$100,000 lose money. Those with revenues in the \$100,000 to \$999,000 range do very well except that those in the \$250,000 to \$499,000 range did not fare as well in 1963 as they did in 1962. The stations with revenues of over \$1,000,000 (there were 10 in 1963) did extremely well in each of the three years; in 1963 their profits after tax represented 61% of the profits of all the private radio stations and were equivalent to 44% of the stations' investments in plant and equipment.

### *Exhibit 3—Television*

#### *Operating Revenue, Net Income and Investment in Plant by Revenue Groups 1961-1963*

The position of the television stations improved materially in the three year period though the stations with annual revenue of less than \$250,000 continued to lose money in 1963.

In looking at the results of the stations as a whole and of the larger stations in particular, consideration must be given to the fact that in 1960 eight new stations were licensed to operate in major centres where only CBC operated before. Reference has already been made to the improved trend of operating results of the private station group as a whole.

It is interesting to note that while in 1963 over half the total profits of the television stations were made by 11 stations having annual operating revenue exceeding \$1,500,000, the stations in the \$250,000 to \$1,499,000 revenue range fared better from the standpoint of measuring net income in relation to investment in plant and equipment even though the large stations (revenue exceeding \$1,500,000) appear to have done well. The profits of the stations before tax in the \$1,000,000 to \$1,499,000 revenue range (4 in number) were equivalent to 28.1% of their investment in plant and equipment; the relationship is almost the same if considered after tax because of tax payments being relatively small; presumably the result of losses carried forward for tax purposes. The figures shown on the statement are of course group figures; the results of some individual stations were much better than the average for the group as a whole. It is unfortunate that information for 1964 is not yet available.

### *Exhibit 4—Radio*

#### *Operating Revenue and Expenses by Revenue Groups 1961-1963*

Combined gross revenue for all radio stations increased at an annual rate of about 8.5% during the period 1961 to 1963 amounting to \$58,212,000 in 1963 compared with \$49,414,000 in 1961. Operating expenses also increased but not to the same extent with the result that the combined net income after tax of the stations as a whole increased from \$1,690,000 in 1961 to \$2,393,000 in 1963.

It is surprising to find that many radio stations, in fact about one-third of those in operation in each of the years, operated at a loss. The loss totals are quite substantial. For 1963 the net profit after tax of \$2,393,000 for all stations is made up of profits of \$4,579,000 and losses of \$2,186,000. Most of the losses were in the small and medium sized stations. Of the stations having annual operating revenues exceeding \$1,000,000, nine made a total net profit of \$1,506,000, one operated at a loss.

Artists' and other talent fees paid by the radio stations totalled \$1,941,000 in 1961 and \$1,863,000 in 1963; equivalent to 3%-4% of gross revenue.

### *Exhibit 5—Television*

#### *Operating Revenue and Expenses by Revenue Groups 1961-1963*

Combined gross revenue for all television stations increased by 26% in 1962 compared with 1961 and by 11% in 1963 compared with 1962. The revenue amounted to \$37,736,000 in 1961, \$47,561,000 in 1962 and \$52,979,000 in 1963. Operating

expenses also increased but not to the same extent with the result that the combined operations of the stations as a whole improved from a net loss of \$4,553,000 in 1961 to a net profit after tax of \$3,045,000 in 1963.

The period covered by this review includes the first operating results of many new television stations including those which came into operation when licences were granted in 1960 to 'second' stations in the major cities. The expenses for the three years therefore include the expenditures for pre-operating costs incurred by these stations. Several of the stations are amortizing the pre-operating costs over a five-year period commencing with the date the stations went on the air. The total operating expenses for the three years are therefore somewhat affected by the inclusion of these non-recurring costs.

Of the 61 television stations which operated in 1963, 13 operated at a loss. Combined net profits after tax of those operating at a profit were \$3,993,000; the combined loss of those operating unprofitably was \$948,000. The losses were sustained by some stations in the under \$250,000 revenue group (10 stations lost \$574,000) and by some stations in the \$1,500,000 and over group (2 stations lost \$361,000). Over half the total profits of those operating at a profit were made by 9 stations in the \$1,500,000 and over revenue group.

Artists' and other talent fees paid by the television stations totalled \$2,275,000 in 1961 and \$2,435,000 in 1963; equivalent to 6% of gross revenue in 1961 and less than 5% in 1963.

#### *Exhibit 6—Radio*

##### *Operating Revenue and Expenses English Language Stations and French Language Stations 1961-1963*

Some 21% of the radio stations (49 out of 229) operating in 1963 were French language stations. These stations accounted for about 20% of the gross operating revenue but for only about 17% of the net income of all radio stations. In 1961 and 1962 the net income of the French language stations represented a more than proportionate part of the combined net income of all stations, on the basis of numbers of stations. It would be difficult to account for the change which took place in 1963 without an exhaustive study of the operations of individual stations but from Exhibit 6 it will be seen that salaries and wages increased in 1963 to a much greater extent in the French language group of stations than in the English language group.

Of the 49 French language stations in operation in 1963, 21 or almost half operated at a loss.

#### *Exhibit 7—Television*

##### *Operating Revenue and Expenses English Language Stations and French Language Stations 1961-1963*

This statement shows that in total the French language television stations are doing much better than the English language stations. During 1963, 11 French language stations operated at a combined net profit of \$1,755,000 after income tax while 50 English language stations operated at a combined net profit of only \$1,290,000 after income tax. Undoubtedly the fact that the 'second' stations in major centres only commenced operations in 1960 or 1961 would be a factor affecting this comparison; of the 'second' stations licensed in 1960, 7 were English language and only 1 was French language.

Despite the overall improvement in television operating results in 1963 compared to 1962 and 1961, there were 10 English language stations which operated at a loss amounting to \$918,000 in the aggregate in 1963.

Between 1961 and 1963 the operating revenue of French language stations increased at a far greater rate than did the revenue of English language stations. The revenue of French language stations increased by 82% from \$6,311,000 to \$11,517,000; the revenue of English language stations increased by 32% from \$31,425,000 to \$41,462,000. There were 45 English language stations in the 1961 totals, 50 in 1963. There were 10 French language stations in the 1961 totals, 11 in 1963.

In 1963 expenditures on artists' and other talent fees were almost as high in the 11 French language stations (\$1,071,000) as they were in the 50 English language stations (\$1,364,000) though the total costs of the French language station operations (\$9,308,000) were much lower than the total costs of the English language station operations (\$39,155,000).

#### *Exhibit 8—Radio*

##### *Investment in Plant by Revenue Groups and by English Language Stations and French Language Stations 1961-1963*

This statement provides some details of the plant and equipment figures shown in total by revenue groups on Exhibit 2.

The average investment in plant and equipment in a radio station ranges from less than \$100,000 for the small stations to nearly \$700,000 for the largest stations. These figures are based on the cost of the fixed assets involved before deducting accumulated depreciation.

The following comparison for the year 1963 may be of interest:

	<i>English Language Stations</i>	<i>French Language Stations</i>
	(thousands of dollars)	
Investment in plant and equipment net of depreciation .....	\$ 19,003	\$ 5,178
Net income after tax (less losses) of all stations (Exhibit 6) .....	1,986	407
Percentage of net income to investment ....	10.5%	7.9%

#### *Exhibit 9—Television*

##### *Investment in Plant by Revenue Groups and by English Language Stations and French Language Stations 1961-1963*

This statement provides some details of the plant and equipment figures shown in total by revenue groups on Exhibit 3.

The average investment in plant and equipment in a television station ranges from less than \$400,000 for the small stations to over \$2,600,000 for the largest stations. These figures are based on the cost of the fixed assets involved before deducting accumulated depreciation.

The following comparison for the year 1963 may be of interest though in examining the comparative figures it must not be forgotten that 7 of the English language stations in the top half of the revenue groupings commenced operation in 1960 or 1961.

	<i>English Language Stations</i>	<i>French Language Stations</i>
	(thousands of dollars)	
Investment in plant and equipment net of depreciation .....	\$ 30,224	\$ 6,192
Net income after tax (less losses) of all stations (Exhibit 7) .....	1,290	1,755
Percentage of net income to investment ....	4.3%	28.3%

The English language stations include 7 stations which were licensed in 1960 as the 'second' stations in major centres in Canada and became part of the CTV network which commenced operations on October 1, 1961. Financial data on the operations of the stations forming part of the CTV network is contained in Exhibits 10 and 11.

#### *Exhibit 10—Television*

##### *CTV Television Network Ltd. and English Language Station Operations 1961-1963*

CTV Television Network Ltd. was incorporated in April, 1961 and network operations commenced on October 1, 1961 at which time microwave facilities were available only to Montreal, Ottawa and Toronto. The other 5 stations on the network were served by using the microwave facilities during off-peak hours to feed programs onto videotape for broadcast to the local audiences at the scheduled time. This procedure was continued until the fall of 1962 when expanded microwave facilities were available and CTV entered into a long-term agreement for the use of these facilities.

The 8 charter affiliated stations consisted of the 7 English language stations licensed in 1960 as 'second' stations in major Canadian cities together with CFRN Edmonton which was previously a CBC affiliate. Two additional stations were added to the network during the period covered by our review, CHRE-CHAB Regina-Moose Jaw, in September 1962, and CKCO Kitchener, in September 1963. The operating results of these two stations are not included as part of Exhibits 10 and 11 because of the short period the stations were affiliated in comparison to the 8 charter stations covered by the review. CJON St. John's, Newfoundland, became an affiliate in the fall of 1964. These 3 stations added to the network since 1961 were previously affiliated with the CBC.

CTV Television Network Ltd. owns no production facilities except for a network master control system and equipment to feed film and videotape programs to the communications companies for distribution over the microwave system. Nearly all the Canadian programs for the network are produced under network supervision using the production facilities of the affiliated stations. CTV Television Network Ltd. had no ownership interest in stations until the recent acquisition of an interest in a station in Halifax but the affiliated stations are all minority shareholders in CTV Television Network Ltd.

While the combined net income after tax of CTV Television Network Ltd. and its 8 affiliated stations which have been affiliated with CTV since its inception was only \$101,000 in 1963, this represents a considerable improvement over 1961 when there was a combined loss of \$5,081,000 and over 1962 when there was a combined loss of \$1,616,000. The operations of all other English language television stations showed a combined profit of \$977,000 in 1963 (42 stations) which compared with \$397,000 in 1962 (40 stations) and \$378,000 in 1961 (37 stations).

In 1963 payments of artists' and other talent fees by CTV and the 8 affiliated stations amounted to \$673,000 and by the other English language stations to \$702,000. In both cases these are less than the payments which were made for artists and other talent in 1961 and 1962. These figures of course do not include payments for talent made by independent producers of programs for the network or the stations.

*Exhibit 11—Television*

*Investment in Plant CTV Television Network Ltd. and English Language Stations 1961-1963*

Following are some comparative figures for 1963:

	<i>CTV Television Network Ltd. and 8 of its Affiliated Stations</i>	<i>Other English Language Stations (42)</i>
		(thousands of dollars)
Investment in plant and equipment net of depreciation .....	\$ 16,776	\$ 13,696
Combined net income after tax (less losses)— (Exhibit 10) .....	101	977
Percentage of net income to investment .....	0.6%	7.1%

*Exhibit 12—Radio and Television*

*Operating Revenue and Expenses*

*Comparison of Private Broadcasters and CBC*

This statement sets out in comparative form the operating revenue and expenses of the private broadcasters for their financial years ending in the calendar years 1961, 1962 and 1963 and those of CBC for its fiscal years ended March 31, 1962, 1963 and 1964 because nine months of each of its fiscal years come within the previous calendar year.

The following selected comparisons may be of interest:

	<i>1961</i>	<i>1963</i>
<i>Operating Revenue</i>		
Radio:		(thousands of dollars)
Private Broadcasters .....	\$ 49,414	\$ 58,212
CBC .....	2,079	2,127
Television:		
Private Broadcasters .....	37,736	57,662
CBC .....	21,360	21,533
<i>Total Operating Expenses</i>		
Television:		
Private Broadcasters .....	41,087	53,373
CBC .....	77,094	83,849
Radio and Television Combined:		
Private Broadcasters .....	87,516	106,983
CBC .....	98,140	106,725
<i>Salaries and Wages</i>		
Radio and Television Combined:		
Private Broadcasters .....	36,554	43,059
CBC .....	41,701	46,884
<i>Artists' and Other Talent Fees</i>		
Radio and Television Combined:		
Private Broadcasters .....	4,216	4,309
CBC .....	14,434	13,738

In this table the 1961 column includes CBC figures for its fiscal year ended March 31, 1962, and the 1963 column includes CBC figures for its fiscal year ended March 31, 1964.

#### 4. DOMINION BUREAU OF STATISTICS REPORT ON RADIO AND TELEVISION BROADCASTING

Reference has already been made to the report (Catalogue No. 56-204) published by DBS giving the revenue and expenses of the radio and television broadcasting stations by province and by revenue groups and a statement of assets, liabilities and net worth. At the request of the Committee, we are commenting on the form and contents of this DBS report. We believe that some changes should be made in the report to make it more informative and useful to the public, particularly to those with an interest in broadcasting. Incidentally we reviewed our suggestions with the Director of the Public Finance and Transportation Division of DBS and he expressed interest in them.

Following are our comments and suggestions with respect to this DBS report:

1. Tables 4 and 5 provide an analysis of the operating revenue and expenses of the private radio and television broadcasting industry by revenue groups. The total number of stations shown by the tabulation is greater than the actual number of stations in operation because of overlapping in the revenue groups. We suggest that the overlapping be eliminated as the tables are difficult to interpret in their present form and the information cannot be utilized to calculate, for example, the percentage of the industry revenue earned by the various revenue groups.
2. The classification of revenue would be improved by separating network sales from national sales in the report. This information is available from the returns filed with DBS by the broadcasting stations.
3. The number of stations by revenue group reporting profits or losses and the total profit and loss could be included in the report. This information can be determined from the returns now filed with DBS.
4. The operating profit or loss, after income tax, by revenue group and by province, could be included in Tables 2, 3, 4 and 5.
5. Other income and other expenses could be netted and included at the foot of the tables containing the operating results and be eliminated from Table 6. The analysis of the surplus account could be combined with Table 7—the combined balance sheets for the industry.
6. The investment in plant and equipment (net) by revenue groups could be added as a footnote to Tables 1-5. This would enable the reader to calculate the annual revenue earned and net operating income per dollar invested in plant and equipment (net), a useful comparison in the absence of details of capital employed. It is not always possible from information furnished by broadcasters to determine capital employed by television and radio stations separately because capital employed is not divided between the two in every case.

The annual reports are required to be filed with DBS by the broadcasting stations within three months after the end of the fiscal year for which the report is made. During our review we noticed that some of the returns were filed late, a few as much as six months past the due date. At the present time DBS issues the report on the operating results about fifteen months after the end of the calendar year to which the report relates. With better cooperation from the broadcasters this date could be advanced to October 1 which would allow six months for compilation of the data by DBS after the final due date for filing the returns.

The data included in any DBS publication is, of course, only as good as the information provided by the companies in the industry group. Apparently there is no standard classification of operating revenues and expenses in the industry. We believe that a standard classification of accounts produced by the broadcasters, including CBC,

working in conjunction with DBS could result in greater consistency in reporting to DBS and consequently the DBS report could be more useful to the reader. A committee was set up three or four years ago when the present DBS form of report was adopted; possibly this committee could be used to co-ordinate the project of designing a standard classification of accounts.

We recommend that a program be undertaken by the broadcasting industry, including CBC, working in conjunction with DBS as appropriate:

1. To develop a standard chart of accounts for the Canadian broadcasting industry which will provide an appropriate analysis of operating revenue and expenses by function or department with appropriate detailed accounts under the main classifications.
2. To have a standard chart of accounts adopted.
3. To alter the broadcasters' form of reporting to DBS to comply with a standard classification of accounts.

Consideration should also be given to making it a requirement that broadcasters having more than one operation file separate annual reports for each operation; in some cases operations of AM and FM radio stations are combined and assets and liabilities are not divided between television, AM and FM radio stations.

We have discussed these recommendations with DBS but not with CBC, the private broadcasters, Canadian Association of Broadcasters, or the Board of Broadcast Governors all of whose views will undoubtedly be required before our recommendations can be followed.

**2. FINANCIAL STATEMENTS (EXHIBITS 1-12)**

**PRIVATE BROADCASTING STATIONS  
SUMMARY OF OPERATING REVENUE AND EXPENSES FOR THEIR  
FINANCIAL PERIODS ENDED DURING THE YEARS 1961, 1962 AND 1963**

(thousands of dollars)

**Part III—Exhibit 1**

	Radio and Television Combined					
	1961	1962	1963	1961	1962	1963
Operating Revenue:						
Network sales.....	\$ 250	\$ 297	\$ 402	\$ 5,000	\$ 5,738	\$ 6,865
National sales.....	20,034	21,901	23,260	18,627	24,165	27,096
Local sales.....	27,451	29,414	33,340	10,940	11,667	14,164
Billings to sponsors for broadcasting facilities and programming.....	1,679	1,966	1,210	3,169	5,991	4,854
Total operating revenue.....	49,414	53,578	58,212	37,736	47,561	52,979
Operating Expenses:						
Representative agency commissions.....	2,655	3,142	3,396	1,643	2,290	2,460
Interest charges.....	681	849	1,054	1,222	1,887	2,051
Depreciation and amortization of leasehold improvements.....	2,656	2,856	3,060	3,263	4,205	3,916
Rent, repairs and maintenance, and insurance.....	2,557	2,724	3,102	2,264	2,989	3,104
Property taxes.....	350	362	419	278	444	466
Fuel and electricity.....	689	708	912	846	708	790
Salaries and wages.....	21,757	22,953	25,289	14,797	16,820	17,363
Staff benefits.....	843	631	722	477	548	586
Artists' and other talent fees.....	1,941	2,152	1,863	2,275	2,597	2,435
Performing rights.....	1,041	1,158	1,296	616	800	890
Telephone, telegraph and outside services.....	3,686	4,080	4,454	1,859	2,221	1,118
Films, tapes, recordings—rental and purchased.....	458	432	534	5,690	5,944	7,017
Advertising, promotion and travel.....	3,409	3,781	4,142	1,935	1,928	2,093
Taxes and licences.....	694	688	758	599	678	845
Office supplies and expenses.....	1,136	1,189	1,338	585	669	680
Pre-operating expenses.....	1,876	1,633	1,271	597	584	597
Other operating expenses.....				1,714	1,045	1,416
Total operating expenses.....	46,429	49,338	53,610	40,960	46,357	48,463
Net operating revenue (loss).....	2,985	4,240	4,602	(3,224)	1,204	4,516
Other revenue (expenses).....	679	504	603	201	181	396
Net income (loss) before tax.....	3,664	4,744	5,205	(3,023)	1,385	4,912
Income tax.....	1,974	2,344	2,812	1,530	1,535	1,867
Net income (loss) after tax.....	\$ 1,690	\$ 2,400	\$ 2,393	(\$4,553)	\$ 3,045	(\$2,863)
Number of stations.....	202	218	229	55	59	61

Note: This tabulation does not include the operating results of CTV Television Network Ltd.

**PRIVATE RADIO STATIONS**  
**OPERATING REVENUE, NET INCOME BEFORE AND AFTER INCOME TAX AND NET INVESTMENT IN PLANT AND EQUIPMENT**  
**BY REVENUE GROUPS**  
**FOR THEIR FINANCIAL PERIODS ENDED DURING THE YEARS 1961, 1962 AND 1963**  
(thousands of dollars)

**Part III—Exhibit 2**  
**Revenue and Net Income  
(before and after tax)  
Expressed as a Percentage  
of Investment in Plant  
and Equipment**

Operating Revenue	Plant and Equipment (Net)			Operating Revenue			Net Income before Tax			Net Income after Tax			Net Income before Tax			
	Stations No.	%	Amount	Amount	%	Amount	Amount	%	Amount	%	Amount	%	Revenue	%	Income after Tax	%
<i>1961</i>																
Under \$100,000	56	27.7	\$ 2,720	\$ 3,576	7.2	(\$69)	17.2	(5.6)	(\$92)	131.5	131.5	131.5	131.5	131.5	131.5	
\$100,000 to \$249,000	92	45.5	6,965	14,624	29.6	629	2.6	(2.5)	634	210.0	210.0	210.0	210.0	210.0	210.0	
\$250,000 to \$499,000	31	15.3	5,250	10,491	21.2	10,491	94	(5.2)	11,8	199.8	199.8	199.8	199.8	199.8	199.8	
\$500,000 to \$999,000	8	4.0	4,104	19,7	10,211	20.7	816	(2.2)	22.3	248.8	248.8	248.8	248.8	248.8	248.8	
\$1,000,000 and over	7	3.5	1,811	8.7	10,512	21.3	2,194	(9.0)	55.8	1,168	69.1	580.4	121.1	64.5	64.5	
Total	202	100.0	\$20,850	100.0	\$49,414	100.0	\$3,664	100.0	\$1,690	100.0	\$1,690	100.0	237.0	17.6	17.6	8.1
<i>1962</i>																
Under \$100,000	53	24.3	\$ 3,017	\$ 3,416	6.4	(\$82)	11.7	(4.7)	(\$112)	113.2	113.2	113.2	113.2	113.2	113.2	
\$100,000 to \$249,000	93	42.7	6,489	30.8	14,492	27.0	924	(2.7)	19.5	26.0	223.3	223.3	223.3	223.3	223.3	223.3
\$250,000 to \$499,000	34	15.6	4,060	19.3	10,010	18.7	634	9.6	13.3	446	18.6	246.5	14.2	14.2	9.6	
\$500,000 to \$999,000	28	12.8	5,577	26.5	14,374	26.8	1,185	11.0	25.0	317	13.2	257.3	15.6	15.6	11.0	
\$1,000,000 and over	10	4.6	1,895	9.0	11,286	21.1	2,083	5.7	43.9	1,126	46.9	595.6	21.2	21.2	5.7	
Total	218	100.0	\$21,038	100.0	\$53,578	100.0	\$4,744	100.0	\$2,400	100.0	\$2,400	100.0	254.7	22.5	22.5	11.4
<i>1963</i>																
Under \$100,000	64	28.0	\$ 4,019	\$ 16.6	\$ 3,997	6.9	(\$204)	(3.9)	(\$242)	(10.1)	99.5	99.5	99.5	99.5	99.5	99.5
\$100,000 to \$249,000	91	39.7	6,707	27.7	14,141	24.3	843	16.2	511	21.3	21.3	21.3	21.3	21.3	21.3	21.3
\$250,000 to \$499,000	37	16.1	4,841	20.0	12,271	21.1	516	9.9	207	8.7	207	207	207	207	207	207
\$500,000 to \$999,000	27	11.8	5,299	22.0	13,801	23.7	1,167	22.4	2,883	458	19.1	458	22.0	22.0	22.0	22.0
\$1,000,000 and over	10	4.4	3,315	13.7	14,002	24.0	55.4	1.459	61.0	1,459	61.0	422.4	87.0	87.0	87.0	87.0
Total	229	100.0	\$24,181	100.0	\$58,212	100.0	\$5,205	100.0	\$2,393	100.0	\$2,393	100.0	240.7	21.5	21.5	9.9

**PRIVATE TELEVISION STATIONS**  
**OPERATING REVENUE, NET INCOME BEFORE AND AFTER INCOME TAX AND NET INVESTMENT IN PLANT AND EQUIPMENT**  
**BY REVENUE GROUPS**  
**FOR THEIR FINANCIAL PERIODS ENDED DURING THE YEARS 1961, 1962 AND 1963**  
 (thousands of dollars)

**Part III—Exhibit 3**

Revenue and Net Income  
 (Before and after tax)  
 Expressed as a Percentage  
 of Investment in Plant  
 and Equipment

Operating Revenue	Plant and Equipment (Net)		Operating Revenue		Net Income before Tax		Net Income after Tax		Net Income before Tax		Net Income after Tax		
	Stations		No.	Amount	%	Amount	%	Amount	%	Revenue	%	Revenue	%
	No.	%	Amount	%	Amount	%	Amount	%	Revenue	%	Revenue	%	
<b>1961</b>													
Under \$250,000.....	14	25.5	\$ 3,415	9.6	\$ 2,258	6.0	(\$369)	(12.2)	(\$400)	(8.8)	66.1	(10.8)	
\$250,000 to \$499,000.....	17	30.9	\$ 5,657	15.9	\$ 6,620	17.5	228	(7.5)	(10)	(2)	117.0	4.0	
\$500,000 to \$999,000.....	13	23.6	\$ 9,562	26.9	\$ 9,024	(21)	(838)	(21.7)	(1,302)	(28.6)	94.4	(8.8)	
\$1,000,000 to \$1,499,000.....	3	5.5	\$ 1,512	4.2	\$ 1,312	8.3	250	(8.3)	155	3.4	207.1	16.5	
\$1,500,000 and over.....	8	14.5	\$ 15,438	43.4	\$ 16,702	44.3	(2,294)	(75.9)	(2,996)	(65.8)	108.2	(14.9)	
Total.....	55	100.0	\$ 35,584	100.0	\$ 37,736	100.0	(\$5,023)	(100.0)	(\$4,553)	(100.0)	106.0	(8.5)	
<b>1962</b>													
Under \$250,000.....	17	28.8	\$ 4,277	11.6	\$ 2,536	5.3	(\$489)	(35.3)	(\$501)	(334.0)	59.3	(11.4)	
\$250,000 to \$499,000.....	16	27.1	\$ 5,059	13.7	\$ 2,298	13.2	454	32.8	311	207.3	124.5	(11.7)	
\$500,000 to \$999,000.....	11	18.6	\$ 4,513	12.2	\$ 7,667	16.2	697	50.3	307	204.7	169.9	9.0	
\$1,000,000 to \$1,499,000.....	6	10.2	\$ 5,979	16.1	\$ 6,901	14.5	(129)	(9.3)	(248)	(165.3)	115.4	(4.1)	
\$1,500,000 and over.....	9	15.3	\$ 17,171	46.4	\$ 24,159	50.8	852	61.5	(19)	(12.7)	140.7	5.0	
Total.....	59	100.0	\$ 36,999	100.0	\$ 47,561	100.0	\$ 1,385	100.0	(\$150)	(100.0)	128.5	3.7	
<b>1963</b>													
Under \$250,000.....	20	32.8	\$ 5,251	14.4	\$ 3,011	5.7	(\$361)	(7.3)	(\$427)	(14.0)	57.3	(6.9)	
\$250,000 to \$499,000.....	15	24.6	\$ 3,631	10.0	\$ 6,048	11.4	596	(12.1)	354	(11.6)	166.6	16.4	
\$500,000 to \$999,000.....	11	18.0	\$ 5,260	14.4	\$ 8,191	15.5	3,196	26.8	939	30.8	155.7	9.7	
\$1,000,000 to \$1,499,000.....	4	6.6	\$ 2,054	5.6	\$ 4,480	8.4	778	11.8	529	17.4	218.1	25.0	
\$1,500,000 and over.....	11	18.0	\$ 20,220	55.6	\$ 31,249	59.0	2,783	56.6	1,650	54.2	154.5	13.8	
Total.....	61	100.0	\$ 36,416	100.0	\$ 52,979	100.0	\$ 4,912	100.0	\$ 3,045	100.0	145.5	13.5	
												8.4	

	1961				
	<i>Under \$100</i>	<i>\$100 to \$249</i>	<i>\$250 to \$499</i>	<i>\$500 to \$999</i>	<i>\$1,000 and Over</i>
<b>Operating Revenue:</b>					Total
Network sales.....	\$ 81	\$ 116	\$ 43	\$ 6	\$ 4 \$ 25
National sales.....	660	3,873	3,946	4,634	6,921 20,03
Local sales.....	2,654	10,352	6,219	4,885	3,341 27,45
Billings to sponsors for broadcasting facilities and pro-					
graming.....	181	283	283	686	246 1,67
<b>Total operating revenue.....</b>	<b>3,576</b>	<b>14,624</b>	<b>10,491</b>	<b>10,211</b>	<b>10,512 49,41</b>
<b>Operating Expenses:</b>					
Representative agency commissions.....	100	561	520	569	905 2,65
Interest charges.....	63	239	284	91	4 68
Depreciation and amortization of leasehold improvements	233	896	673	516	338 2,65
Rent, repairs and maintenance, and insurance.....	270	750	570	458	509 2,55
Property taxes.....	30	132	83	48	57 35
Fuel and electricity.....	65	245	189	131	59 68
Salaries and wages.....	1,919	7,301	4,965	4,143	3,429 21,75
Staff benefits.....	23	294	158	99	269 84
Artists' and other talent fees.....	60	310	389	481	701 1,94
Performing rights.....	77	262	257	239	206 1,04
Telephone, telegraph and outside services.....	332	1,046	993	782	533 3,68
Films, tapes, recordings—rental and purchased.....	57	158	80	88	75 45
Advertising, promotion, and travel.....	148	950	707	909	695 3,40
Taxes and licences.....	46	200	134	170	144 69
Office supplies and expenses.....	98	358	211	296	173 1,13
Other operating expenses.....	135	478	354	522	387 1,87
<b>Total operating expenses.....</b>	<b>3,656</b>	<b>14,180</b>	<b>10,567</b>	<b>9,542</b>	<b>8,484 46,429</b>
<b>Net operating revenue (loss).....</b>	(80)	444	(76)	669	2,028 2,985
Other revenue (expenses).....	11	185	170	147	166 679
<b>Net income (loss) before tax.....</b>	(69)	629	94	816	2,194 3,664
Income tax.....	26	265	212	445	1,026 1,974
<b>Net income (loss) after tax.....</b>	<b>(\$95)</b>	<b>\$ 364</b>	<b>(\$118)</b>	<b>\$ 371</b>	<b>\$1,168 \$1,690</b>
<b>Total net income after tax reported.....</b>	<b>\$ 138</b>	<b>\$ 829</b>	<b>\$ 620</b>	<b>\$ 583</b>	<b>\$1,168 \$3,338</b>
<b>Total net losses reported.....</b>	<b>233</b>	<b>465</b>	<b>738</b>	<b>212</b>	<b>— 1,648</b>
<b>Net income (loss) as above.....</b>	<b>(\$95)</b>	<b>\$ 364</b>	<b>(\$118)</b>	<b>\$ 371</b>	<b>\$1,168 \$1,690</b>
<b>Number of stations</b>					
Reporting a profit.....	24	69	25	14	7 139
Reporting a loss.....	32	23	6	2	— 63
<b>Total.....</b>	<b>56</b>	<b>92</b>	<b>31</b>	<b>16</b>	<b>7 202</b>

## RADIOS STATIONS

REVENUE GROUPS FOR THEIR  
URING THE YEARS 1961, 1962 AND 1963  
(dollars)

der 00	1962					1963					
	\$100 to \$249	\$250 to \$499	\$500 to \$999	\$1,000 and Over	Total	Under \$100	\$100 to \$249	\$250 to \$499	\$500 to \$999	\$1,000 and Over	Total
105	\$ 117	\$ 61	\$ 7	\$ 7	\$ 297	\$ 128	\$ 204	\$ 53	\$ 5	\$ 12	\$ 402
622	3,833	3,183	6,689	7,574	21,901	679	3,517	3,525	6,205	9,334	23,260
536	10,125	6,344	6,945	3,464	29,414	3,143	10,231	8,423	7,261	4,282	33,340
153	417	422	733	241	1,966	47	189	270	330	374	1,210
416	14,492	10,010	14,374	11,286	53,578	3,997	14,141	12,271	13,801	14,002	58,212
106	544	469	865	1,158	3,142	106	529	509	754	1,498	3,396
76	269	95	390	19	849	101	239	277	411	26	1,054
212	952	518	766	408	2,856	286	881	608	681	604	3,060
260	809	498	668	489	2,724	327	819	674	699	583	3,102
35	117	86	76	48	362	40	123	82	101	73	419
69	235	176	159	69	708	96	271	234	211	100	912
758	7,102	4,789	5,691	3,613	22,953	2,232	7,017	5,939	5,665	4,436	25,289
22	159	112	175	163	631	50	191	123	175	183	722
45	290	365	696	756	2,152	59	223	358	506	717	1,863
75	298	241	330	214	1,158	89	305	274	333	295	1,296
338	1,108	808	1,265	561	4,080	362	1,153	925	1,257	757	4,454
32	135	60	115	90	432	39	146	125	121	103	534
177	816	651	1,272	865	3,781	230	739	979	1,053	1,141	4,142
39	193	107	182	167	688	53	196	129	178	202	758
97	356	214	316	206	1,189	124	358	329	285	242	1,338
94	360	339	476	364	1,633	70	239	309	378	275	1,271
435	13,743	9,528	13,442	9,190	49,338	4,264	13,429	11,874	12,808	11,235	53,610
(19)	749	482	932	2,096	4,240	(267)	712	397	993	2,767	4,602
(63)	175	152	253	(13)	504	63	131	119	174	116	603
(82)	924	634	1,185	2,083	4,744	(204)	843	516	1,167	2,883	5,205
30	301	188	868	957	2,344	38	332	309	709	1,424	2,812
112)	\$ 623	\$ 446	\$ 317	\$ 1,126	\$ 2,400	(\$242)	\$ 511	\$ 207	\$ 458	\$ 1,459	\$ 2,393
192	\$ 1,010	\$ 726	\$ 1,270	\$ 1,240	\$ 4,438	\$ 164	\$ 888	\$ 773	\$ 1,248	\$ 1,506	\$ 4,579
304	387	280	953	114	2,038	406	377	566	790	47	2,186
112)	\$ 623	\$ 446	\$ 317	\$ 1,126	\$ 2,400	(\$242)	\$ 511	\$ 207	\$ 458	\$ 1,459	\$ 2,393
30	65	29	22	9	155	33	66	25	23	9	156
23	28	5	6	1	63	31	25	12	4	1	73
53	93	34	28	10	218	64	91	37	27	10	229

**OPERATING REVENUE AND EXPENSES  
FINANCIAL PERIODS ENDED**  
(thousand)

	1961					
	<i>Under \$250</i>	<i>\$250 to \$499</i>	<i>\$500 to \$999</i>	<i>\$1,000 to \$1,499</i>	<i>\$1,500 and Over</i>	<i>Total</i>
<b>Operating Revenue:</b>						
Network sales.....	\$ 545	\$1,564	\$1,246	\$ 569	\$1,076	\$5,000
National sales.....	687	2,535	4,370	1,456	9,579	18,627
Local sales.....	934	2,328	2,622	918	4,138	10,940
B Billings to sponsors for broadcasting facilities and pro- gramming.....	92	193	786	189	1,909	3,169
<b>Total operating revenue.....</b>	<b>2,258</b>	<b>6,620</b>	<b>9,024</b>	<b>3,132</b>	<b>16,702</b>	<b>37,736</b>
<b>Operating Expenses:</b>						
Representative agency commissions.....	66	261	460	129	727	1,643
Interest charges.....	123	190	241	34	634	1,222
Depreciation and amortization of leasehold improve- ments.....	315	758	805	305	1,380	3,563
Rent, repairs and maintenance, and insurance.....	152	384	656	87	985	2,264
Property taxes.....	19	58	68	18	115	278
Fuel and electricity.....	73	382	159	53	179	846
Salaries and wages.....	1,119	2,407	3,717	1,210	6,344	14,797
Staff benefits.....	27	53	82	43	272	477
Artists' and other talent fees.....	34	196	310	56	1,679	2,275
Performing rights.....	14	96	154	55	297	516
Telephone, telegraph and outside services.....	121	289	460	168	821	1,859
Films, tapes, recordings—rental and purchased.....	242	530	1,383	307	3,228	5,690
Advertising, promotion, and travel.....	106	288	471	127	943	1,935
Taxes and licences.....	36	106	117	61	279	599
Office supplies and expenses.....	46	117	166	54	202	583
Pre-operating expenses.....	—	—	189	—	408	597
Other operating expenses.....	134	285	491	169	635	1,714
<b>Total operating expenses.....</b>	<b>2,627</b>	<b>6,400</b>	<b>9,929</b>	<b>2,876</b>	<b>19,128</b>	<b>40,960</b>
<b>Net operating revenue (loss).....</b>	<b>(369)</b>	<b>220</b>	<b>(905)</b>	<b>256</b>	<b>(2,426)</b>	<b>(3,224)</b>
<b>Other revenue (expenses).....</b>	<b>—</b>	<b>8</b>	<b>67</b>	<b>(6)</b>	<b>132</b>	<b>201</b>
<b>Net income (loss) before tax.....</b>	<b>(369)</b>	<b>228</b>	<b>(838)</b>	<b>250</b>	<b>(2,294)</b>	<b>(3,023)</b>
<b>Income tax.....</b>	<b>31</b>	<b>238</b>	<b>464</b>	<b>95</b>	<b>702</b>	<b>1,530</b>
<b>Net income (loss) after tax.....</b>	<b>(\$400)</b>	<b>(\$10)</b>	<b>(\$1,302)</b>	<b>\$ 155</b>	<b>(\$2,996)</b>	<b>(\$4,553)</b>
<b>Total net income after tax reported.....</b>	<b>\$ 113</b>	<b>\$ 374</b>	<b>\$ 485</b>	<b>\$ 169</b>	<b>\$ 969</b>	<b>\$2,110</b>
<b>Total net losses reported.....</b>	<b>513</b>	<b>384</b>	<b>1,787</b>	<b>14</b>	<b>3,965</b>	<b>6,663</b>
<b>Net income (loss) as above.....</b>	<b>(\$400)</b>	<b>(\$10)</b>	<b>(\$1,302)</b>	<b>\$ 155</b>	<b>(\$2,996)</b>	<b>(\$4,553)</b>
<b>Number of stations</b>						
Reporting a profit.....	6	14	6	2	5	33
Reporting a loss.....	8	3	7	1	3	22
<b>Total.....</b>	<b>14</b>	<b>17</b>	<b>13</b>	<b>3</b>	<b>8</b>	<b>55</b>

Note: This tabulation does not include the operating results of CTV Television Network Ltd.

## TELEVISION STATIONS

Part III—Exhibit 5

Y REVENUE GROUPS FOR THEIR  
URING THE YEARS 1961, 1962 AND 1963  
(dollars)

1962						1963					
Under \$250	\$250 to \$499	\$500 to \$999	\$1,000 to \$1,499	\$1,500 and Over	Total	Under \$250	\$250 to \$499	\$500 to \$999	\$1,000 to \$1,499	\$1,500 and Over	Total
516	\$1,414	\$1,288	\$ 983	\$ 1,537	\$ 5,738	\$ 783	\$1,308	\$1,377	\$ 741	\$ 2,656	\$ 6,865
783	2,268	3,524	2,977	14,613	24,165	977	2,344	3,535	2,526	16,792	26,174
068	2,398	2,497	1,752	4,952	11,667	1,182	2,254	2,931	1,029	6,510	13,906
169	218	358	1,189	3,057	5,991	69	142	348	184	5,291	6,034
536	6,298	7,667	6,901	24,159	47,561	3,011	6,048	8,191	4,480	31,249	52,979
67	220	358	329	1,316	2,290	90	219	341	199	1,611	2,460
130	182	135	207	1,233	1,887	153	137	160	74	1,527	2,051
333	702	828	699	1,643	4,205	448	625	628	359	1,856	3,916
192	351	533	471	1,442	2,989	289	394	488	214	1,719	3,104
31	47	64	68	234	444	29	49	84	24	280	466
85	126	144	123	230	708	124	134	155	55	322	790
303	2,472	2,848	2,811	7,386	16,820	1,357	2,327	2,923	1,645	9,111	17,363
29	59	57	95	308	548	50	69	85	50	332	586
23	155	208	233	1,978	2,597	33	119	152	123	2,008	2,435
1	99	165	121	373	800	48	87	175	87	493	890
193	265	394	364	1,005	2,221	219	241	348	183	1,127	2,118
293	458	571	1,052	3,570	5,944	247	478	671	500	5,121	7,017
122	302	315	283	906	1,928	145	261	382	191	1,114	2,093
29	102	82	67	398	678	41	119	80	58	547	845
69	117	102	114	267	669	66	92	111	57	354	680
—	—	—	—	584	584	—	—	—	—	233	233
79	192	165	11	598	1,045	88	186	185	143	814	1,416
202	5,849	6,969	7,048	23,471	46,357	3,427	5,537	6,968	3,962	28,569	48,463
484)	449	698	(147)	688	1,204	(416)	511	1,223	518	2,680	4,516
(5)	5	(1)	18	164	181	55	85	93	60	103	396
489)	454	697	(129)	852	1,385	(361)	596	1,316	578	2,783	4,912
12	143	390	119	871	1,535	66	242	377	49	1,133	1,867
501)	\$ 311	\$ 307	(\$248)	(\$19)	(\$150)	(\$427)	\$ 354	\$ 939	\$ 529	\$1,650	\$3,045
108	\$ 350	\$ 477	\$ 181	\$1,265	\$2,381	\$ 147	\$ 367	\$ 939	\$ 529	\$2,011	\$3,993
509	39	170	429	1,284	2,531	574	13	—	—	361	948
501)	\$ 311	\$ 307	(\$248)	(\$19)	(\$150)	(\$427)	\$ 354	\$ 939	\$ 529	\$1,650	\$3,045
5	14	8	3	6	36	10	14	11	4	9	48
12	2	3	3	3	23	10	1	—	—	2	13
17	16	11	6	9	59	20	15	11	4	11	61

OPERATING REVENUE AND EXPENSES OF THE ENGLISH  
THEIR FINANCIAL PERIODS ENDED  
(thousand)

	1961		
	<i>English</i> <i>Language</i> <i>Stations</i>	<i>French</i> <i>Language</i> <i>Stations</i>	<i>Total</i>
<b>Operating Revenue:</b>			
Network sales.....	\$ 104	\$ 146	\$ 250
National sales.....	15,974	4,060	20,034
Local sales.....	22,379	5,072	27,451
Billings to sponsors for broadcasting facilities and programing.....	1,234	445	1,679
<b>Total operating revenue.....</b>	<b>39,691</b>	<b>9,723</b>	<b>49,414</b>
<b>Operating Expenses:</b>			
Representative agency commissions.....	2,167	488	2,655
Interest charges.....	617	64	681
Depreciation and amortization of leasehold improve- ments.....	2,041	615	2,656
Rent, repairs and maintenance, and insurance.....	1,874	683	2,557
Property taxes.....	280	70	350
Fuel and electricity.....	583	106	689
Salaries and wages.....	17,850	3,907	21,757
Staff benefits.....	732	111	843
Artists' and other talent fees.....	1,125	816	1,941
Performing rights.....	827	214	1
Telephone, telegraph and outside services.....	2,987	699	3,680
Films, tapes, recordings—rental and purchased.....	391	67	458
Advertising, promotion, and travel.....	2,878	531	3,409
Taxes and licences.....	562	132	694
Office supplies and expenses.....	927	209	1,136
Other operating expenses.....	1,507	369	1,876
<b>Total operating expenses.....</b>	<b>37,348</b>	<b>9,081</b>	<b>46,429</b>
<b>Net operating revenue (loss).....</b>	<b>2,343</b>	<b>642</b>	<b>2,985</b>
Other revenue (expenses).....	537	142	679
<b>Net income (loss) before tax.....</b>	<b>2,880</b>	<b>784</b>	<b>3,664</b>
Income tax.....	1,774	200	1,974
<b>Net income (loss) after tax.....</b>	<b>\$1,106</b>	<b>\$ 584</b>	<b>\$1,690</b>
<b>Total net income after tax reported.....</b>	<b>\$2,631</b>	<b>\$ 707</b>	<b>\$3,338</b>
Total net losses reported.....	1,525	123	1,648
<b>Net income (loss) as above.....</b>	<b>\$1,106</b>	<b>\$ 584</b>	<b>\$1,690</b>
<b>Number of stations:</b>			
Reporting a profit.....	107	32	139
Reporting a loss.....	46	17	63
<b>Total.....</b>	<b>153</b>	<b>49</b>	<b>202</b>

## ADIO STATIONS

## Part III—Exhibit 6

LANGUAGE AND FRENCH LANGUAGE STATIONS FOR  
URING THE YEARS 1961, 1962 AND 1963  
(dollars)

1962			1963		
English Language Stations	French Language Stations	Total	English Language Stations	French Language Stations	Total
\$ 94	\$ 203	\$ 297	\$ 130	\$ 272	\$ 402
17,399	4,502	21,901	18,724	4,536	23,260
23,988	5,426	29,414	26,828	6,512	33,340
1,255	711	1,966	826	384	1,210
42,736	10,842	53,578	46,508	11,704	58,212
2,566	576	3,142	2,753	643	3,396
768	81	849	919	135	1,054
2,218	638	2,856	2,390	670	3,060
2,015	709	2,724	2,288	814	3,102
287	75	362	342	77	419
595	113	708	770	142	912
18,637	4,316	22,953	20,161	5,128	25,289
523	108	631	575	147	722
1,225	927	2,152	1,064	799	1,863
923	235	1,158	1,026	270	1,296
3,373	707	4,080	3,629	825	4,454
366	66	432	451	83	534
3,098	683	3,781	3,547	595	4,142
569	119	688	625	133	758
941	248	1,189	1,041	297	1,338
1,362	271	1,633	951	320	1,271
39,466	9,872	49,338	42,532	11,078	53,610
3,270	970	4,240	3,976	626	4,602
346	158	504	447	156	603
3,616	1,128	4,744	4,423	782	5,205
2,075	269	2,344	2,437	375	2,812
\$ 1,541	\$ 859	\$ 2,400	\$ 1,986	\$ 407	\$ 2,393
\$ 3,504	\$ 934	\$ 4,438	\$ 3,892	\$ 687	\$ 4,579
1,963	75	2,038	1,906	280	2,186
\$ 1,541	\$ 859	\$ 2,400	\$ 1,986	\$ 407	\$ 2,393
117	38	155	128	28	156
51	12	63	52	21	73
168	50	218	180	49	229

**OPERATING REVENUE AND EXPENSES OF THE ENGLISH  
THEIR FINANCIAL PERIODS ENDED  
(thousand)**

	1961		
	<i>English Language Stations</i>	<i>French Language Stations</i>	<i>Total</i>
<b>Operating Revenue:</b>			
Network sales.....	\$ 3,841	\$ 1,159	\$ 5,000
National sales.....	15,546	3,081	18,627
Local sales.....	9,507	1,433	10,940
Billings to sponsors for broadcasting facilities and programing.....	2,531	638	3,169
<b>Total operating revenue.....</b>	<b>31,425</b>	<b>6,311</b>	<b>37,736</b>
<b>Operating Expenses:</b>			
Representative agency commissions.....	1,312	331	1,643
Interest charges.....	1,082	140	1,222
Depreciation and amortization of leasehold improvements.....	3,023	540	3,563
Rent, repairs and maintenance, and insurance.....	1,865	399	2,264
Property taxes.....	256	22	278
Fuel and electricity.....	746	100	846
Salaries and wages.....	12,916	1,881	14,797
Staff benefits.....	417	60	477
Artists' and other talent fees.....	1,789	486	2,275
Performing rights.....	553	63	616
Telephone, telegraph and outside services.....	1,643	216	1,859
Films, tapes, recordings—rental and purchased.....	4,971	719	5,690
Advertising, promotion, and travel.....	1,737	198	1,935
Taxes and licences.....	497	102	599
Office supplies and expenses.....	502	83	585
Pre-operating expenses.....	597	—	597
Other operating expenses.....	1,260	454	1,714
<b>Total operating expenses.....</b>	<b>35,166</b>	<b>5,794</b>	<b>40,960</b>
Net operating revenue (loss).....	(3,741)	517	(3,224)
Other revenue (expenses).....	196	5	201
<b>Net income (loss) before tax.....</b>	<b>(3,545)</b>	<b>522</b>	<b>(3,023)</b>
Income tax.....	1,036	494	1,530
<b>Net income (loss) after tax.....</b>	<b>(\$4,581)</b>	<b>\$ 28</b>	<b>(\$4,553)</b>
Total net income after tax reported.....	\$1,398	\$712	\$2,110
Total net losses reported.....	5,979	684	6,663
Net income (loss) as above.....	(\$4,581)	\$ 28	(\$4,553)
<b>Number of stations</b>			
Reporting a profit.....	25	8	33
Reporting a loss.....	20	2	22
<b>Total.....</b>	<b>45</b>	<b>10</b>	<b>55</b>

NOTE: This tabulation does not include the operating results of CTV Television Network Ltd.

## TELEVISION STATIONS

## Part III—Exhibit 7

LANGUAGE AND FRENCH LANGUAGE STATIONS FOR  
URING THE YEARS 1961, 1962 AND 1963  
(dollars)

1962			1963		
English Language Stations	French Language Stations	Total	English Language Stations	French Language Stations	Total
\$ 4,744	\$ 994	\$ 5,738	\$ 5,765	\$ 1,100	\$ 6,865
18,711	5,454	24,165	20,092	6,082	26,174
9,665	2,002	11,667	11,786	2,120	13,906
4,652	1,339	5,991	3,819	2,215	6,034
37,772	9,789	47,561	41,462	11,517	52,979
1,789	501	2,290	1,823	637	2,460
1,645	242	1,887	1,807	244	2,051
3,453	752	4,205	3,259	657	3,916
2,291	698	2,989	2,299	805	3,104
404	40	444	433	33	466
592	116	708	636	154	790
14,119	2,701	16,820	14,436	2,927	17,363
472	76	548	478	108	586
1,625	972	2,597	1,364	1,071	2,435
682	118	800	719	171	890
1,835	386	2,221	1,779	339	2,118
4,842	1,102	5,944	5,747	1,270	7,017
1,661	267	1,928	1,829	264	2,093
539	139	678	653	192	845
557	112	669	534	146	680
584	—	584	233	—	233
874	171	1,045	1,126	290	1,416
37,964	8,393	46,357	39,155	9,308	48,463
(192)	1,396	1,204	2,307	2,209	4,516
189	(8)	181	382	14	396
(3)	1,388	1,385	2,689	2,223	4,912
1,024	511	1,535	1,399	468	1,867
(\$1,027)	\$877	(\$150)	\$1,290	\$1,755	\$3,045
\$1,415	\$966	\$2,381	\$2,208	\$1,785	\$3,993
2,442	89	2,531	918	30	948
(\$1,027)	\$877	(\$150)	\$1,290	\$1,755	\$3,045
28	8	36	40	8	48
20	3	23	10	3	13
48	11	59	50	11	61

PRIVATE  
INVESTMENT IN PLANT AND EQUIPMENT AND  
AS AT THE CLOSE OF THEIR FINANCIAL PERIODS  
(thousands)

	1961					
	<i>Under \$100</i>	<i>\$100 to \$249</i>	<i>\$250 to \$499</i>	<i>\$500 to \$999</i>	<i>\$1,000 and Over</i>	<i>Total</i>
Land.....	\$ 196	\$ 846	\$ 982	\$ 432	\$ 232	\$ 2,688
Buildings.....	905	2,593	2,162	1,490	652	7,802
Technical and studio equipment.....	2,768	9,209	5,442	3,833	2,596	23,848
Furniture and fixtures.....	265	886	727	568	374	2,820
Unamortized portion of leasehold improvements.....	100	232	171	242	373	1,118
Other.....	266	559	636	1,102	151	2,714
<b>Total.....</b>	<b>4,500</b>	<b>14,325</b>	<b>10,120</b>	<b>7,667</b>	<b>4,378</b>	<b>40,990</b>
Accumulated depreciation.....	1,780	7,360	4,870	3,563	2,567	20,140
<b>Net.....</b>	<b>\$ 2,720</b>	<b>\$ 6,965</b>	<b>\$ 5,250</b>	<b>\$ 4,104</b>	<b>\$ 1,811</b>	<b>\$ 20,850</b>
Number of stations.....	<b>56</b>	<b>92</b>	<b>31</b>	<b>16</b>	<b>7</b>	<b>202</b>

INVESTMENT IN PLANT AND EQUIPMENT  
BY THE ENGLISH LANGUAGE AND  
AS AT THE CLOSE OF THEIR FINANCIAL PERIODS  
(thousands)

	1961		
	<i>English Language Stations</i>	<i>French Language Stations</i>	<i>Total</i>
Land.....	\$ 2,130	\$ 558	\$ 2,688
Buildings.....	6,023	1,779	7,802
Technical and studio equipment.....	18,708	5,140	23,848
Furniture and fixtures.....	2,329	491	2,820
Unamortized portion of leasehold improvements.....	954	164	1,118
Other.....	2,345	369	2,714
<b>Total.....</b>	<b>32,489</b>	<b>8,501</b>	<b>40,990</b>
Accumulated depreciation.....	15,764	4,376	20,140
<b>Net.....</b>	<b>\$ 16,725</b>	<b>\$ 4,125</b>	<b>\$ 20,850</b>
Number of stations.....	<b>153</b>	<b>49</b>	<b>202</b>

## RADIO STATIONS

ACCUMULATED DEPRECIATION BY REVENUE GROUPS  
ENDED DURING THE YEARS 1961, 1962 AND 1963  
(of dollars)

1962										1963									
Under \$100	\$100 to \$249	\$250 to \$499	\$500 to \$999	\$1,000 and Over	Total	Under \$100	\$100 to \$249	\$250 to \$499	\$500 to \$999	\$1,000 and Over	Total								
\$ 197	\$ 776	\$ 552	\$ 511	\$ 237	\$ 2,273	\$ 367	\$ 780	\$ 633	\$ 560	\$ 632	\$ 2,972								
894	2,550	1,726	2,417	519	8,106	1,135	3,247	1,800	2,558	836	9,576								
3,008	8,773	5,214	5,595	2,881	25,471	3,838	8,766	6,381	6,643	4,174	29,802								
265	843	630	851	356	2,945	317	925	796	760	536	3,334								
71	229	147	237	366	1,050	108	184	140	251	414	1,097								
339	550	330	1,093	136	2,448	538	414	524	248	281	2,005								
4,774	13,721	8,599	10,704	4,495	42,293	6,303	14,316	10,274	11,020	6,873	48,786								
1,757	7,232	4,539	5,127	2,600	21,255	2,284	7,609	5,433	5,721	3,558	24,605								
\$ 3,017	\$ 6,489	\$ 4,060	\$ 5,577	\$ 1,895	\$ 21,038	\$ 4,019	\$ 6,707	\$ 4,841	\$ 5,299	\$ 3,315	\$ 24,181								
53	93	34	28	10	218	64	91	37	27	10	229								

AND ACCUMULATED DEPRECIATION  
FRENCH LANGUAGE RADIO STATIONS  
ENDED DURING THE YEARS 1961, 1962 AND 1963  
(of dollars)

1962				1963			
English Language Stations	French Language Stations	Total	English Language Stations	French Language Stations	Total		
\$ 1,694	\$ 579	\$ 2,273	\$ 2,333	\$ 639	\$ 2,972		
6,195	1,911	8,106	7,250	2,326	9,576		
20,200	5,271	25,471	23,621	6,181	29,802		
2,384	561	2,945	2,655	679	3,334		
910	140	1,050	893	204	1,097		
2,049	399	2,448	1,390	615	2,005		
33,432	8,861	42,293	38,142	10,644	48,786		
16,554	4,701	21,255	19,139	5,466	24,605		
\$ 16,878	\$ 4,160	\$ 21,038	\$ 19,003	\$ 5,178	\$ 24,181		
168	50	218	180	49	229		

PRIVATE

INVESTMENT IN PLANT AND EQUIPMENT AND  
AS AT THE CLOSE OF THEIR FINANCIAL PERIODS  
(thousands)

	1961						
	Under \$250	\$250 to \$499	\$500 to \$999	\$1,000 to \$1,499	\$1,500 and Over	Total	
Land	\$ 53	\$ 162	\$ 195	\$ 50	\$ 767	\$ 1,227	
Buildings	980	2,077	3,459	927	6,666	14,109	
Technical and studio equipment	3,411	6,925	8,576	2,544	11,769	33,225	
Furniture and fixtures	103	251	441	120	609	1,524	
Unamortized portion of leasehold improvements	2	76	60	—	264	402	
Other	188	212	563	13	285	1,261	
Total	4,737	9,703	13,294	3,654	20,360	51,748	
Accumulated depreciation	1,322	4,046	3,732	2,142	4,922	16,164	
Net	\$3,415	\$5,657	\$9,562	\$1,512	\$15,438	\$35,584	
Number of stations	14	17	13	3	8	55	

INVESTMENT IN PLANT AND EQUIPMENT  
BY THE ENGLISH LANGUAGE AND FRENCH  
AS AT THE CLOSE OF THEIR FINANCIAL PERIODS  
(thousands)

	1961		
	English Language Stations	French Language Stations	Total
Land	\$ 1,161	\$ 66	\$ 1,227
Buildings	12,623	1,486	14,109
Technical and studio equipment	27,655	5,570	33,225
Furniture and fixtures	1,261	263	1,524
Unamortized portion of leasehold improvements	344	58	402
Other	956	305	1,261
Total	44,000	7,748	51,748
Accumulated depreciation	13,767	2,397	16,164
Net	\$ 30,233	\$ 5,351	\$ 35,584
Number of stations	45	10	55

NOTE: This tabulation does not include the investment by CTV Television Network Ltd. in a network ma-

## TELEVISION STATIONS

ACCUMULATED DEPRECIATION BY REVENUE GROUPS  
ENDED DURING THE YEARS 1961, 1962 AND 1963  
(of dollars)

1962							1963						
	\$250 to \$250	\$500 to \$499	\$1,000 to \$1,499	\$1,500 and Over	Total		\$250 to \$250	\$500 to \$499	\$1,000 to \$1,499	\$1,500 and Over	Total		
\$ 93	\$ 161	\$ 40	\$ 123	\$ 846	\$ 1,263		\$ 109	\$ 141	\$ 58	\$ 115	\$ 887	\$ 1,311	
1,369	1,830	1,399	2,439	7,889	14,926		1,311	1,688	1,904	983	9,391	15,227	
4,600	7,095	6,864	5,629	13,220	37,408		5,850	6,555	7,497	3,443	17,072	40,417	
169	208	324	281	779	1,761		160	246	424	134	997	1,961	
6	57	51	52	164	330		9	61	41	6	283	400	
268	287	248	328	296	1,427		218	115	277	172	567	1,349	
6,505	9,638	8,926	8,852	23,194	57,115		7,657	8,806	10,201	4,804	29,197	60,665	
2,228	4,579	4,413	2,873	6,023	20,116		2,406	5,175	4,941	2,750	8,977	24,249	
\$4,277	\$5,059	\$4,513	\$5,979	\$17,171	\$36,999		\$5,251	\$3,631	\$5,260	\$2,054	\$20,220	\$36,416	
17	16	11	6	9	59		20	15	11	4	11	61	

AND ACCUMULATED DEPRECIATION  
LANGUAGE TELEVISION STATIONS  
ENDED DURING THE YEARS 1961, 1962 AND 1963  
(of dollars)

1962			1963		
English Language Stations	French Language Stations	Total	English Language Stations	French Language Stations	Total
\$ 1,199	\$ 64	\$ 1,263	\$ 1,218	\$ 93	\$ 1,311
13,626	1,300	14,926	13,646	1,581	15,227
31,097	6,311	37,408	32,909	7,508	40,417
1,490	271	1,761	1,615	346	1,961
274	56	330	348	52	400
1,127	300	1,427	1,017	332	1,349
48,813	8,302	57,115	50,753	9,912	60,665
17,497	2,619	20,116	20,529	3,720	24,249
\$31,316	\$5,683	\$36,999	\$30,224	\$6,192	\$36,416
48	11	59	50	11	61

ter control system and related equipment.

CTV TELEVISION NETWORK LTD. AND EIGHT  
AND ALL OTHER ENGLISH

OPERATING REVENUE  
FOR THEIR FINANCIAL PERIODS ENDED

(thousands)

*1961*

	<i>CTV Network and Eight of its Affiliated Stations</i>			<i>Other English Language Stations</i>
	<i>Network</i>	<i>Stations</i>	<i>Combined</i>	
<b>Operating Revenue:</b>				
Network sales (Note 1).....	—	\$ 430	\$ 430	\$ 3,411
National sales.....	—	7,205	7,205	8,341
Local sales.....	—	1,875	1,875	7,632
Billings to sponsors for broadcasting facilities and program- ing (Note 2).....	—	1,678	1,678	853
Total operating revenue.....	Nil	11,188	11,188	20,237
<b>Operating Expenses:</b>				
Payments to stations (Note 1).....	—	—	—	—
Representative agency commissions.....	—	460	460	852
Interest charges.....	—	769	769	313
Depreciation and amortization of leasehold improvements.....	—	903	903	2,120
Rent, repairs and maintenance, and insurance.....	—	839	839	1,026
Property taxes.....	—	104	104	152
Fuel and electricity.....	—	175	175	571
Salaries and wages.....	—	5,672	5,672	7,244
Staff benefits.....	—	144	144	273
Artists' and other talent fees.....	—	1,067	1,067	722
Performing rights.....	—	229	229	324
Telephone, telegraph and outside services.....	—	814	814	829
Films, tapes, recordings—rental and purchased (Note 3).....	—	2,190	2,190	2,781
Advertising, promotion, and travel.....	—	997	997	740
Taxes and licences.....	—	138	138	359
Office supplies and expenses.....	—	224	351	278
Pre-operating expenses.....	\$ 127	598	598	—
Other operating expenses.....	—	617	617	642
Total operating expenses.....	127	15,940	16,067	19,226
Net operating revenue (loss).....	(127)	(4,752)	(4,879)	1,011
Other revenue (expenses).....	5	96	101	100
Net income (loss) before tax.....	(122)	(4,656)	(4,778)	1,111
Income tax.....	—	303	303	733
Net income (loss) after tax.....	(\$122)	(\$4,959)	(\$5,081)	\$ 378
Number of stations.....	—	8	—	37

Notes: 1. Payments by CTV Television Network Ltd. to the eight CTV affiliated stations of share of the network time charges have been offset against the corresponding revenue item in the combined figures.  
 2. Includes, in the case of stations, payments received from independent producers for the use of facilities.  
 3. Includes payments by CTV Television Network Ltd. to independent producers for programs. The independent producers' cost would include artists' and other talent fees and in some cases payments to stations for the use of facilities.

OF ITS CHARTER AFFILIATED STATIONS  
 LANGUAGE STATIONS  
 AND EXPENSES  
 DURING THE YEARS 1961, 1962 AND 1963  
 (in dollars)

Part III—Exhibit 10

1962				1963			
CTV Network and Eight of its Affiliated Stations			Other English Language Stations	CTV Network and Eight of its Affiliated Stations			Other English Language Stations
Network	Stations	Combined		Network	Stations	Combined	
\$ 1,581	\$ 1,648	\$ 2,066	\$ 3,096	\$ 3,433	\$ 2,448	\$ 3,346	\$ 3,317
—	9,131	9,131	9,580	—	9,489	9,489	10,603
—	2,753	2,753	6,912	—	3,080	3,080	8,706
949	2,489	3,438	2,163	3,839	2,995	6,834	824
2,530	16,021	17,388	21,751	7,272	18,012	22,749	23,450
1,188	—	25	—	2,589	—	54	—
—	827	827	962	8	867	875	956
1	1,298	1,299	347	6	1,302	1,308	505
40	1,342	1,382	2,111	78	1,510	1,588	1,749
42	1,066	1,108	1,225	67	937	1,004	1,362
—	233	233	171	—	234	234	199
1	222	223	370	2	229	231	407
283	6,032	6,315	8,087	407	6,286	6,693	8,150
4	173	177	299	2	145	147	333
2	880	882	745	11	662	673	702
—	296	296	386	920	336	1,256	383
606	813	1,419	1,022	1,380	736	2,116	1,043
714	2,200	2,914	2,642	1,773	2,484	4,257	3,263
78	767	845	894	89	843	932	986
3	198	201	341	3	256	259	397
44	222	266	335	59	213	272	321
—	584	584	—	—	233	233	—
45	119	164	755	105	148	253	978
3,051	17,272	19,160	20,692	7,499	17,421	22,385	21,734
(521)	(1,251)	(1,772)	1,059	(227)	591	364	1,716
25	131	156	58	15	129	144	253
(496)	(1,120)	(1,616)	1,117	(212)	720	508	1,969
—	304	—	720	—	407	407	992
(\$496)	(\$1,424)	(\$1,616)	\$ 397	(\$212)	\$ 313	\$ 101	\$ 977
	8	—	40	—	8	—	42

CTV TELEVISION NETWORK LTD. AND EIGHT  
AND ALL OTHER ENGLISHE  
INVESTMENT IN PLANT AND EQUIPMENT  
AS AT THE CLOSE OF THEIR FINANCIAL PERIODS ENDED  
(thousand)

---

**1961**

Land.....
Buildings.....
Technical and studio equipment.....
Furniture and fixtures.....
Unamortized portion of leasehold improvements.....
Other.....

Total fixed assets.....
Accumulated depreciation.....

Net fixed assets.....
-----------------------

Number of stations.....
-------------------------

**1962**

Land.....
Buildings.....
Technical and studio equipment.....
Furniture and fixtures.....
Unamortized portion of leasehold improvements.....
Other.....

Total fixed assets.....
Accumulated depreciation.....

Net fixed assets.....
-----------------------

Number of stations.....
-------------------------

**1963**

Land.....
Buildings.....
Technical and studio equipment.....
Furniture and fixtures.....
Unamortized portion of leasehold improvements.....
Other.....

Total fixed assets.....
Accumulated depreciation.....

Net fixed assets.....
-----------------------

Number of stations.....
-------------------------

OF ITS CHARTER AFFILIATED STATIONS  
 LANGUAGE STATIONS  
 AND ACCUMULATED DEPRECIATION  
 DURING THE YEARS 1961, 1962 AND 1963  
 (in dollars)

*Part III—Exhibit 11*

<i>CTV Network and Eight of its Affiliated Stations</i>			<i>Other English Language Stations</i>
<i>Network</i>	<i>Stations</i>	<i>Combined</i>	
—	\$ 741	\$ 741	\$ 420
—	7,774	7,774	4,849
—	9,732	9,732	17,923
—	498	498	763
—	23	23	321
—	428	428	528
—	19,196	19,196	24,804
—	1,416	1,416	12,351
<i>Nil</i>	<i>\$17,780</i>	<i>\$17,780</i>	<i>\$12,453</i>
	8		37
—	\$ 746	\$ 746	\$ 453
—	7,919	7,919	5,707
\$217	10,308	10,525	20,789
59	586	645	904
31	53	84	221
—	453	453	674
307	20,065	20,372	28,748
40	2,654	2,694	14,843
<i>\$267</i>	<i>\$17,411</i>	<i>\$17,678</i>	<i>\$13,905</i>
	8		40
—	\$ 750	\$ 750	\$ 468
—	8,059	8,059	5,587
\$254	10,913	11,167	21,996
68	633	701	982
33	43	76	305
—	447	447	570
355	20,845	21,200	29,908
107	4,317	4,424	16,212
<i>\$248</i>	<i>\$16,528</i>	<i>\$16,776</i>	<i>\$13,696</i>
	8		42

**THE PRIVATE RADIO AND  
OPERATING REVENUE  
FOR THE PERIODS ENDED DURING THE  
CANADIAN BROADCASTING CORPORATION RADIO  
OPERATING REVENUE,  
FOR THE YEARS ENDED**  
(thousands)

	Radio					
	1961		1962		1963	
	<i>Private Broad- casters (1961-2)</i>	<i>CBC (1961-2)</i>	<i>Private Broad- casters (1962-3)</i>	<i>CBC (1962-3)</i>	<i>Private Broad- casters (1963-4)</i>	<i>CBC (1963-4)</i>
<b>Operating Revenue: (Note 1)</b>						
Network sales.....	\$ 250	\$ 626	\$ 297	\$ 673	\$ 402	\$ 623
National sales.....	20,034	318	21,901	360	23,260	3351
Local sales.....	27,451	805	29,414	754	33,340	817
Billings to sponsors for broadcasting facilities and programming (Note 2).....	1,679	330	1,966	357	1,210	351
Total operating revenue.....	49,414	2,079	53,578	2,144	58,212	2,127
<b>Operating Expenses:</b>						
Representative agency commissions.....	2,655	4	3,142	3	3,396	26
Interest charges.....	681	—	849	—	1,054	1
Depreciation and amortization of leasehold improvements.....	2,656	585	2,856	536	3,060	750
Rent, repairs and maintenance, and insurance.....	2,557	1,841	2,724	906	3,102	972
Property taxes.....	350	58	362	46	419	48
Fuel and electricity.....	689	120	708	126	912	137
Salaries and wages.....	21,757	7,744	22,953	9,540	25,289	10,278
Staff benefits.....	843	444	631	602	722	656
Artists' and other talent fees.....	1,941	4,355	2,152	4,437	1,863	4,458
Performing rights.....	1,041	1,108	1,158	1,285	1,296	1,821
Telephone, telegraph and outside services.....	3,686	3,500	4,080	3,110	4,454	2,810
Films, tapes, recording-rental and purchased (Note 3).....	458	412	432	240	534	266
Advertising, promotion, and travel.....	3,409	716	3,781	352	4,142	403
Taxes and licences.....	694	—	688	—	758	—
Office supplies and expenses.....	1,136	433	1,189	188	1,338	188
Pre-operating expenses.....	—	—	—	—	—	—
Other operating expenses (net).....	1,876	(274)	1,633	(176)	1,271	62
Total operating expenses.....	46,429	21,046	49,338	21,195	53,610	22,876
Net operating revenue (loss) (Note 4).....	2,985	(18,967)	4,240	(19,051)	4,602	(20,749)
Other revenue.....	679	182	504	205	603	214
Parliamentary grants.....	—	18,200	—	18,310	—	19,785
Depreciation included in expenditures.....	—	585	—	536	—	750
Net income (loss) before tax.....	3,664	—	4,744	—	5,205	—
Income tax.....	1,974	—	2,344	—	2,812	—
Net income (loss) after tax.....	\$ 1,690	\$ —	\$ 2,400	\$ —	\$ 2,393	\$ —

Notes: 1. After deducting (a) payments to private stations of a share of CBC and CTV Network time charges, (b) advertising agency commissions, (c) allowances to U.S. Networks.

2. Includes, in the case of the private television stations, the payments received from independent producers for the use of facilities.

3. Includes, in the case of the private television stations, the payments by CTV Television Network Ltd. to independent producers for programs. The independent producers' cost would include artists' and other talent fees and in some cases payments to stations for the use of facilities.

4. In the case of C.B.C., the bracketed figures represent the cost of operating the national broadcasting service.

## TELEVISION STATIONS AND NETWORK

## Part III—Exhibit 12

ND EXPENSES

EARS 1961, 1962 AND 1963 AND

ND TELEVISION STATIONS AND NETWORKS

RANTS, AND EXPENSES

ARCH 31, 1962, 1963 AND 1964

(dollars)

Television								Radio and Television Combined															
1961				1962				1963				1961				1962				1963			
Private d- ivers	CBC (1961-2)	Private Broad- casters	CBC (1962-3)	Private Broad- casters	CBC (1963-4)	Private Broad- casters	CBC (1961-2)	Private Broad- casters	CBC (1962-3)	Private Broad- casters	CBC (1963-4)	Private Broad- casters	CBC (1961-2)	Private Broad- casters	CBC (1962-3)	Private Broad- casters	CBC (1963-4)						
000	\$ 6,744	\$ 6,131	\$ 6,251	\$ 7,709	\$ 6,764	\$ 5,250	\$ 7,370	\$ 6,428	\$ 6,924	\$ 8,111	\$ 7,388	\$ 5,250	\$ 7,370	\$ 6,428	\$ 6,924	\$ 8,111	\$ 7,388						
8,627	5,198	24,165	4,963	26,174	5,385	38,661	5,516	46,066	5,323	49,434	5,720	38,391	1,497	41,081	1,504	47,246	1,357						
9,940	692	11,667	750	13,906	540																		
3,169	8,726	6,940	8,531	9,873	8,844	4,848	9,056	8,906	8,888	11,083	9,195												
7,736	21,360	48,903	20,495	57,662	21,533	87,150	23,439	102,481	22,639	115,874	23,660												
,643	2	2,290	—	2,468	—	4,298	6	5,432	3	5,864	26												
,222	—	1,888	—	2,057	2	1,903	—	2,737	—	3,111	3												
3,563	3,454	4,245	3,773	3,994	3,321	6,219	4,039	7,101	4,309	7,054	4,071												
2,264	2,925	3,031	3,723	3,171	4,008	4,821	4,766	5,755	4,629	6,273	4,980												
278	230	444	262	466	273	628	288	806	308	885	321												
846	476	709	505	792	550	1,535	596	1,417	631	1,704	687												
3,797	33,957	17,103	34,523	17,770	36,606	36,554	41,701	40,056	44,063	43,059	46,884												
477	1,902	552	2,407	588	2,621	1,320	2,346	1,183	3,009	1,310	3,277												
2,275	10,079	2,599	9,125	2,446	9,280	4,216	14,434	4,751	13,562	4,309	13,738												
616	2,883	800	2,461	1,810	3,534	1,657	3,991	1,958	3,746	3,106	5,355												
,859	7,467	2,827	8,001	3,498	8,394	5,545	10,967	6,907	11,111	7,952	11,204												
,690	11,057	6,658	11,163	8,790	12,022	6,148	11,469	7,090	11,403	9,324	12,288												
,935	1,236	2,006	1,408	2,182	1,612	5,344	1,952	5,787	1,760	6,324	2,015												
599	—	681	—	848	—	1,293	—	1,369	—	1,606	—												
585	746	713	750	739	750	1,721	1,179	1,902	938	2,077	938												
724	—	584	—	233	—	724	—	584	—	233	—												
,714	680	1,090	863	1,521	876	3,590	406	2,723	687	2,792	938												
,087	77,094	48,220	78,964	53,373	83,849	87,516	98,140	97,558	100,159	106,983	106,725												
,351	(55,734)	683	(58,469)	4,289	(62,316)	(366)	(74,701)	4,923	(77,520)	8,891	(83,065)												
206	228	206	351	411	403	885	410	710	556	1,014	617												
—	52,052	—	54,345	—	58,592	—	70,252	—	72,655	—	78,377												
—	3,454	—	3,773	—	3,321	—	4,039	—	4,309	—	4,071												
,145	—	889	—	4,700	—	519	—	5,633	—	9,905	—												
,530	—	1,535	—	1,867	—	3,504	—	3,879	—	4,679	—												
675	\$ —	\$ (646)	\$ —	\$ 2,833	\$ —	\$ (2,985)	\$ —	\$ 1,754	\$ —	\$ 5,226	\$ —												

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## Appendix B

### LIST OF BRIEFS SUBMITTED TO THE COMMITTEE ON BROADCASTING

<i>Brief No.</i>	<i>Submitted By</i>
1.	Fernand Champagne, Terrebonne, Que.
2.	Canadian Federation of Agriculture
3.	Prof. A.R.M. Lower, Kingston, Ont.
4.	Island Radio Broadcasting Co. Limited, Charlottetown, P.E.I.
5.	Prof. Marshall McLuhan, Toronto, Ont.
6.	Composers Authors and Publishers Association of Canada Limited
7.	Association of Motion Picture Producers and Laboratories of Canada
8.	B'nard Trotter, Kingston, Ont.
9.	Farmers' Union of Alberta
10.	Communist Party of Canada
11.	CKGM Montreal
12.	Canadian Teachers Federation
13.	Canadian Broadcasting League
14.	Toronto & District Labour Council (CLC)
15.	CFRB Limited & CJAD Limited
16.	Association of Radio and Television Employees of Canada (CLC)
17.	Association of Radio and Television Employees of Canada (CLC) (Submission No. 2)
18.	Saskatchewan Federation of Labour (CLC)
19.	Warwick Webster, Orillia, Ont.
20.	Ontario Library Association
21.	Electronics Industries Association of Canada
22.	Community Arts Council of Vancouver
23.	Association Professionnelle des Cinéastes
24.	The National Ballet Guild of Canada
25.	Directors' Guild of Canada
26.	Institut Canadien d'Education des Adultes
26(B).	Institut Canadien d'Education des Adultes (Part 2)
27.	Fédération des Auteurs et des Artistes du Canada
28.	Canadian Labour Congress
29.	Canadian Library Association
30.	Mrs N.L. Brown, Richmond Hill, Ont.
31.	Association Canadienne des Educateurs de Langue Française
32.	Canadian Association of Broadcasters & ITO
33.	Association of Canadian Television and Radio Artists
34.	Metropolitan Educational Television Association of Toronto
35.	University of Toronto Television Committee
36.	Canadian Association of University Teachers
37.	Prof. W.H.N. Hull, Durham, North Carolina
38.	American Federation of Musicians

<i>Brief No.</i>	<i>Submitted By</i>
39.	Station CKPR-TV—Port Arthur-Fort William, Ont.
40.	Seven Arts Production Limited
41.	La Cie de TV Transgaspésienne Inc.
42.	Association des Réalisateur
43.	Association des Anciens Retraitants de Ville Lemoyne
44.	Radio & Television Sales Inc., Toronto, Ont.
45.	Canadian Home and School and Parent-Teacher Federation
46.	Association of Television Producers and Directors, Toronto, Ont.
47.	John Livingston, James Murray, and Lister Sinclair, Toronto, Ont.
48.	Canadian Music Council
49.	Canadian League of Composers
50.	Committee of CBC Announcers
51.	Committee representing the English-speaking Private Radio Affiliates of CBC
52.	Canadian Jewish Congress
53.	Southern Alberta Alternate TV Association
54.	Prof. Pierre Carignan, Montreal, Que.
55.	Employees of CBC News Service, Members of the Canadian Wire Service Guild (ANG, CLC)

Briefs were also received, among other material, from the Board of Directors of the CBC and from CTV Television Network Ltd.

## Appendix C

### UNITED STATES PROGRAMMING IN FOUR CANADIAN CITIES MARCH 1964

(Source: CBC Research)

*Table C.1—PROPORTION OF CANADIAN AND U.S. PROGRAMS OFFERED by CBC and Private Stations in Halifax, Ottawa, Winnipeg and Toronto between 6.00 and 12.00 p.m. during March 1964, expressed as percentage of total service.*

<i>Location</i>	<i>Percentage Canadian Programs</i>	<i>Percentage U.S. Programs</i>	<i>Percentage Other Programs</i>	<i>Percentage Total Programs</i>
<b>HALIFAX</b>				
1 CBC station .....	57	37	6	100
1 Can. private stn. .....	31	65	4	100
0 U.S. private stn. .....	—	—	—	—
Total TV service offered .....	44	51	5	100
<b>OTTAWA</b>				
1 CBC station .....	52	43	5	100
1 Can. private stn. .....	30	63	7	100
0 U.S. private stn. .....	—	—	—	—
Total TV service offered .....	41	53	6	100
<b>WINNIPEG</b>				
1 CBC station .....	56	39	5	100
1 Can. private stn. .....	32	62	6	100
1 U.S. private stn. .....	0	100	0	100
Total TV service offered .....	29	67	4	100
<b>TORONTO</b>				
1 CBC station .....	60	37	3	100
2 Can. private stns. .....	31.5	65	3.5	100
3 U.S. private stns. .....	0	100	0	100
Total TV service offered .....	20	78	2	100

*Table C.2—VIEWING TIME FOR CANADIAN, U.S. AND OTHER PROGRAMS  
in Halifax, Ottawa, Winnipeg and Toronto between 6.00 and 12.00 p.m.  
in March 1964, expressed as percentage of total viewing.*

<i>Location</i>	<i>Percentage Canadian Programs</i>	<i>Percentage U.S. Programs</i>	<i>Percentage Other Programs</i>	<i>Percentage Total Programs</i>
<b>HALIFAX</b>				
1 CBC station .....	52	40	8	100
1 Can. private stn. ....	28	69	3	100
0 U.S. private stn. ....	—	—	—	—
Total viewing .....	38	57	5	100
<b>OTTAWA</b>				
1 CBC station .....	48	48	4	100
1 Can. private stn. ....	24	68	8	100
0 U.S. private stn. ....	—	—	—	—
Total viewing .....	35	58	7	100
<b>WINNIPEG</b>				
1 CBC station .....	50	46	4	100
1 Can. private stn. ....	22	74	4	100
1 U.S. private stn. ....	0	100	0	100
Total viewing .....	32	65	3	100
<b>TORONTO</b>				
1 CBC station .....	60	33	7	100
2 Can. private stns. ....	25	75	0	100
3 U.S. private stns. ....	0	100	0	100
Total viewing .....	24	74	2	100

Table C.3—U.S. PROGRAMS ON CBC, CANADIAN PRIVATE, AND U.S. STATIONS VIEWED in Halifax, Ottawa, Winnipeg and Toronto between 6.00 and 12.00 p.m. in March 1964, expressed as percentage of total viewing hours

<i>Location</i>	<i>CBC Stations</i>	<i>Canadian Private Stations</i>	<i>U.S. Stations</i>	<i>Total All Stations</i>
HALIFAX .....	30.5%	69.5%	—	100%
1 CBC station				
1 Can. private stn.				
0 U.S. private stn.				
OTTAWA .....	37.2%	62.8%	—	100%
1 CBC station				
1 Can. private stn.				
0 U.S. private stn.				
WINNIPEG .....	31.4%	52.5%	16.1%	100%
1 CBC station				
1 Can. private stn.				
0 U.S. private stn.				
TORONTO .....	12.8%	31.1%	56.1%	100%
1 CBC station				
2 Can. private stns.				
3 U.S. private stns.				

Table C.4—CANADIAN PROGRAMS ON CBC AND CANADIAN PRIVATE STATIONS VIEWED in Halifax, Ottawa, Winnipeg and Toronto between 6.00 and 12.00 p.m. in March 1964, expressed as percentage of total viewing hours

<i>Location</i>	<i>CBC Stations</i>	<i>Canadian Private Stations</i>	<i>Total All Stations</i>
HALIFAX .....	58.5%	41.5%	100%
1 CBC station			
1 Can. private stn.			
0 U.S. private stn.			
OTTAWA .....	63%	37%	100%
1 CBC station			
1 Can. private stn.			
0 U.S. private stn.			
WINNIPEG .....	68%	32%	100%
1 CBC station			
1 Can. private stn.			
1 U.S. private stn.			
TORONTO .....	69.1%	30.9%	100%
1 CBC station			
2 Can. private stns.			
3 U.S. private stns.			

## Appendix D

### BRITISH HOURS OF BROADCASTING

*Excerpt from Directions Issued by the Postmaster General*

#### Clause 15(1)

The Postmaster General directs that the hours during which programmes in the Home Sound Services shall be sent shall be the hours specified in Appendix D. The Corporation may exceptionally make day-to-day departures from the hours prescribed, but shall not otherwise depart therefrom except at the request or with the prior approval of the Postmaster General.

The Postmaster General is content for the present not to issue a formal direction governing the hours during which programmes in the Television Services shall be sent, on the understanding that the Corporation will observe the agreed rules, contained in Appendix E, on television broadcasting hours.

#### Appendix D

### HOURS OF BROADCASTING

#### HOME SOUND SERVICES

##### Sundays

	Maximum Hours
Home Service .....	7.50 a.m. to 11.45 p.m.
Light Programme .....	6.55 a.m. to 2.00 a.m. (Mondays)
Third Network .....	7.55 a.m. to 11.15 p.m.

##### Weekdays

Home Service .....	6.35 a.m. to 11.45 p.m.
Light Programme .....	5.30 a.m. to 2.00 a.m. (next day)
Third Network .....	6.55 a.m. to 11.20 p.m. (except Saturdays) 11.15 p.m. (Saturdays only)

#### Appendix E

### RULES ON HOURS OF BROADCASTING

#### OF THE BBC1 TELEVISION PROGRAMME FROM THOSE STATIONS OF THE BBC TRANSMITTING ON THE VHF BANDS ON THE 405- LINE STANDARD

1. Broadcasting hours shall not exceed:
  - (i) 50 hours a week;
  - (ii) 8 hours on any one day.
2. The following broadcasts shall not be taken into account for the purposes of rule 1:
  - (i) Religious programmes (i.e. religious services from a place of worship or a studio, and other programme items which the Corporation, with the advice of the Central Religious Advisory Committee, may present as part of its programme of religious broadcasting);

- (ii) Ministerial and party political broadcasts;
- (iii) Outside broadcasts, up to a maximum of 400 hours in any one calendar year, of events which are neither devised nor promoted by the Corporation;
- (iv) Any broadcasting in excess of 8 hours on Christmas Eve, Christmas Day, Boxing Day, New Year's Eve or New Year's Day;
- (v) School broadcasts;
- (vi) Broadcasts in the Welsh language;
- (vii) Repeats for up to one hour daily on not more than a total of ten days during school holidays, of school broadcasts.

3. On Sundays:

There shall be no broadcasting between 6.15 p.m. and 7.25 p.m.: but this paragraph does not apply to religious programmes as defined in rule 2(i); to appeals for charitable or benevolent purposes; to outside broadcasts of events which are neither devised nor promoted by the Corporation; to programmes in the Welsh language; or to programmes designed specially for the deaf.

4. None of the above rules applies to engineering test transmissions, trade test transmissions, or tuning signals.

5. These rules are subject to any future prescription by the Postmaster General as to the Television Services under Clause 15(1) of the Licence and Agreement dated 19th December, 1963.

**RULES ON HOURS OF BROADCASTING  
OF THE BBC2 TELEVISION PROGRAMME FROM THOSE STATIONS  
OF THE BBC TRANSMITTING ON THE UHF BANDS ON THE 625-  
LINE STANDARD**

1. Broadcasting hours of BBC2 from those stations shall not exceed:

- (i) 30 hours a week;
- (ii) 8 hours on any one day.

2. BBC2 is normally to be broadcast within that period of the day in which BBC1 is broadcast.

3. The following broadcasts shall not be taken into account for the purposes of rule 1:

- (i) Religious programmes (i.e. religious services from a place of worship or a studio, and other programme items which the Corporation, with the advice of the Central Religious Advisory Committee, may present as part of its programme of religious broadcasting);
- (ii) Ministerial and party political broadcasting;
- (iii) Outside broadcasts up to a maximum of 200 hours in any one calendar year, of events which are neither devised nor promoted by the Corporation;
- (iv) Any broadcasting in excess of 8 hours on Christmas Eve, Christmas Day, Boxing Day, New Year's Day;
- (v) School broadcasts;
- (vi) Broadcasts in the Welsh language;
- (vii) Repeats, for up to one hour daily on not more than a total of ten days during school holidays, of school broadcasts.

4. On Sundays:

There shall be no broadcasting between 6.15 p.m. and 7.25 p.m.; but this paragraph does not apply to religious programmes as defined in rule 3(1); to appeals for charitable or benevolent purposes; to outside broadcasts of events which are neither

devised nor promoted by the Corporation; to programmes in the Welsh language; or to programmes designed specially for the deaf.

5. None of the above rules applies to engineering test transmissions, trade test transmissions, or tuning signals.

6. These rules are subject to any future prescription by the Postmaster General as to the Television Services under Clause 15 of the Licence and Agreement dated 19th December, 1963.

**RULES ON HOURS OF BROADCASTING  
FROM EACH TELEVISION STATION OF THE I.T.A.  
(As from 1st July, 1963)**

1. Broadcasting hours shall not exceed:

- (i) 50 hours a week;
- (ii) 8 hours on any one day.

2. The following broadcasts shall not be taken into account for the purposes of rule 1:

- (i) Religious programmes (i.e. acts of worship from a church or studio, and other programmes which the Authority, with the advice of the Central Religious Advisory Committee, approves for broadcasting under the terms of Section 3(4)(a) of the Television Act 1954);
- (ii) Ministerial and party political broadcasts;
- (iii) Outside broadcasts, up to a maximum of 400 hours in any one calendar year, of events which are neither devised nor promoted by the Authority or its programme contractors;
- (iv) Any broadcasting in excess of 8 hours on Christmas Eve, Christmas Day, Boxing Day, New Year's Day;
- (v) School broadcasts;
- (vi) Broadcasts in the Welsh language;
- (vii) Broadcast of half-hour "parade" of new advertisements, made before 12 o'clock noon on one day a week (other than a Sunday);
- (viii) Repeats of school programmes during school holidays of up to one hour daily for a total of 10 days.

3. On Sundays:

There shall be no broadcasting between 6.15 p.m. and 7.25 p.m.; but this paragraph does not apply to religious programmes as defined in rule 2(i), or to outside broadcasts of events which are neither devised nor promoted by the Authority or its programme contractors, or to programmes in the Welsh language;

4. None of the above rules applies to engineering test transmissions, trade test transmissions, or tuning signals.

5. These rules are subject to any future direction by the Postmaster General under Section 9(3) of the Television Act, 1954.

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